

Detain Him 30 Minutes

Soviet Police Raid Dissidents, Scuffle With U.K. Newsmen

MOSCOW, Jan. 16.—Soviet security police have raided eight Moscow homes as part of an investigation into suspected anti-state crimes, usually reliable sources said yesterday.

Today, David Bonavia, a correspondent for the Times of London, was detained for 30 minutes by Soviet plainclothesmen after he left one of the eight homes—the residence of a dissident intellectual, he told colleagues.

Mr. Bonavia, 31, said that the men huddled him and his wife into a car and drove them to a police station. They were later released with a warning from a police officer. "Do not interfere

Malta Ends Deadline for British Units

(Continued from Page 1)

posture in dealing with Mr. Minotoff. Prime Minister Edward Scamman, addressing a Conservative party rally in Southampton, England, yesterday, said he believed it was now generally understood "that Britain is determined not to be lured into an agreement which is unsatisfactory to us or our NATO allies."

The last rental package offered to Malta was understood to be around \$34 million annually, to be paid by Britain and its allies. Mr. Minotoff had demanded a \$45.8 million yearly rental.

Three-Nation Offer

NATO members other than Britain—the United States, West Germany and Italy—are now offering additional funds for non-military economic development in Malta to make the proposed new deal more palatable to Mr. Minotoff.

Mr. Minotoff, Lord Carrington and Mr. Luns met yesterday morning at the Villa Madama, an Italian government guest house on the city's northern outskirts. They had lunch as guests of Aldo Moro, the Italian foreign minister, at the Foreign Ministry, and continued their talks there.

Maltese Prime Minister Minotoff spent nearly one hour in the Vatican on a visit to Pope Paul VI before joining the talks. Details of Mr. Minotoff's audience with the pontiff were not available. Pope Paul had been briefed on the Malta situation by the archbishop of Malta, the Most Rev. Michael Gonzi.

\$150,000 Pledged In U.S. for Tour By China's Team

WASHINGTON, Jan. 16 (UPI).—More than \$150,000 in private funds has been pledged to underwrite a tour of the United States by a Chinese table tennis team that is expected to include matches in Los Angeles, San Francisco, Detroit, New York and Washington.

Even before the White House press secretary, Ron Ziegler, brought back word last week from Premier Chou En-lai that a Chinese team would visit the United States this spring, plans for the tour and the fund-raising were well under way.

Both tasks are being handled by the National Committee on United States-China Relations, a prestigious nonprofit group organized in 1968 to foster better understanding of China, in coordination with the U. S. Table Tennis Association.

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Rep. James H. Scheuer and wife arriving in London Saturday night after their flight from Stockholm.

Scheuer Hopes His Expulsion By Russia Won't Hurt Détente

By Bernard D. Nossiter

LONDON, Jan. 16 (UPI).—Rep. James Scheuer, D. N. Y., said today that he hoped his arrest and expulsion from the Soviet Union would not interfere with President Nixon's "laudable" effort to seek détente.

Rep. Scheuer described the episode as "a mindless exercise in the theater of the absurd" on the part of "paranoiac" Soviet bureaucrats.

"I would be horrified," he told reporters, if the incident interfered with Mr. Nixon's forthcoming Moscow trip or the efforts to improve Soviet-American relations.

"I am trying to be part of the solution, not the problem," he said. "I have no desire to escalate the harshness of the dialogue. My job is to cool it."

Mr. Scheuer was stopping here before a brief visit to Belfast and Dublin and then a return to the United States.

With a group of congressmen from a House Education subcommittee, Rep. Scheuer completed last Wednesday a two-week look at Soviet schooling. That night, while dining with Alexander Lerner, a prominent cyberneticist who has sought permission to emigrate to Israel, Mr. Scheuer was picked up by Soviet police, who detained him for 40 minutes.

Two days later, he was ordered to leave the Soviet Union on the grounds that he had encouraged Jews to emigrate and had engaged in "subversive activity." Mr. Scheuer flew from Leningrad to London yesterday.

He characterized the charges as outrageous and observed that the Russians had not presented a "scintilla of evidence" to support them.

What did he think was the reason for his arrest?

He suggested that the answer

was rooted in the conflicts in Soviet life. Although the state is not the harsh totalitarian regime of Stalin's era, Rep. Scheuer said, the "hard-liners" fear any deviation and are "paranoiac" about conversations between Westerners and Soviet citizens.

Followed by 'Carloads'

WASHINGTON, Jan. 16 (UPI).—Rep. John Dellenback, R. Ore., who also toured the Soviet Union with Rep. Scheuer, said today that "carloads" of Russian agents had followed the American study group's movements.

Witnessing is a situation wherein a country equipped and supported by the Soviets may be turning half of Pakistan into an important state and the other half into a vassal.

"We must consider what other countries may be thinking of our action," he was quoted as having said.

Mr. Kissinger expressed unhappiness that because of an arms embargo the United States was unable to aid Pakistan.

A question before the group was whether to arrange for Jordan to send Pakistan some American F-104 jet fighter planes. Mr. Packard told Mr. Kissinger that "we could not authorize the Jordanians to do anything the United States government could not do."

'Holding' Hussein

But Mr. Kissinger said that King Hussein of Jordan should be kept in "a holding pattern" and his desire to aid Pakistan "not be turned off."

Mr. Packard, according to the record, "stated that the overriding consideration is... if you don't win, don't get involved. Let's not get in if we know we are going to lose."

Three days later, Mr. Packard announced his resignation as deputy secretary of defense, effective on Dec. 13. He cited "personal reasons." There has been no indication that his long-planned resignation was connected with his visit to the Middle East.

Day of Grief Observed for Bengali Dead

3 Million Mourned By the New Nation

DACCA, Jan. 16 (Reuters).—Flags were flown at half staff and people wore black badges to-day in national mourning for an estimated three million Bengalis who died in the fight for a free Bangladesh.

Public ceremonies were held throughout the country and prayers were offered in houses of worship.

Prime Minister Mujibur Rahman urged the people to dedicate themselves to reconstruction so that the "blood of these martyrs and the tears of our mothers shall not go in vain."

In no war of independence had three million people been killed as well as women ravished, villages burned and educational institutions destroyed, Sheikh Mujibur said.

Crowds marched to the sheikh's house here to hear his address.

Petition for Trials

Bangladesh intellectuals yesterday launched a mass petition campaign demanding that commanders of the Pakistan Army in the east be brought to trial for war crimes.

Dr. Kabir Choudhury, director of the Bangla Academy, announced the drive and said it was hoped to collect about 100,000 signatures that would be forwarded to the UN Human Rights Commission.

Measurably, nearly three million of the estimated 10 million Bengalis who fled to India from East Pakistan last year had returned home by yesterday afternoon, an official spokesman told reporters in Calcutta.

The Press Trust of India reported that Sheikh Mujibur had denied a report in this Sunday's London Observer that he had threatened to "take over West Pakistan and make it Bangladesh too" if Pakistan President Ali Bhutto "tries any tricks to keep Bangladesh out of the Commonwealth."

Nepal's Recognition

NEW DELHI, Jan. 16 (Reuters).—The Himalayan kingdom of Nepal today announced its recognition of Bangladesh, the Press Trust of India reported here.

Nepal is the eighth country to recognize the new state. The others are Bhutan, East Germany, Poland, Bulgaria, Mongolia and Burma, besides India, the first to accord recognition.

The Indian news agency reported yesterday that Dacca believed that the Soviet Union would soon recognize Bangladesh.

Packard and Sisco Opposed Kissinger on Pakistan, India

(Continued from Page 1)

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Swiss Cycle Gang Held

BASEL, Jan. 16 (Reuters).—A gang of 18 Swiss motorcyclists was arrested here today after they had visited a tavern, beaten up some customers inside, and sacked the entire establishment, causing damage estimated at more than \$10,000.

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Mujibur Says Bhutto Twice Saved His Life

NEW YORK, Jan. 16 (Reuters).—Sheikh Mujibur Rahman said Pakistani President Zulfikar Ali Bhutto first prevented him from being executed and then stopped an attempt to kill him in jail, Newsweek reported.

The weekly news magazine said it had obtained an exclusive interview with the leader of the Bangladesh independence movement and now the new country's prime minister.

"I must admit that Bhutto tried to protect me and that saved me," the sheikh said.

The sheikh said he had been condemned to be hanged after a six-month secret trial which he said was conducted like a court-martial. He said he offered no defense because he felt it would be useless.

Dutch Officials Fault Luns On Private Papers, Security

THE HAGUE, Jan. 16 (Reuters).—A controversy surrounded NATO Secretary-General Joseph Luns yesterday following disclosure that unauthorized persons gained access to private papers covering his years as Dutch foreign minister.

A government spokesman said the Dutch cabinet regretted that unidentified persons were able to peruse 21 crates of Dr. Luns's private archives, which he said were "scattered about" in the Foreign Ministry building here.

Press reports alleged that the documents included correspondence with members of the royal house on political matters and letters to international politicians, particularly referring to the question of New Guinea—all allegedly done without the cabinet's knowledge.

Hughes Book Tells of Funds That Passed to Nixon Kin

(Continued from Page 1)

terence a week ago in which they introduced a voice that they said was Mr. Hughes speaking from his hotel in Nassau, Bahamas.

The voice denied that the book was an autobiography and reporters who took part said they were convinced that the voice was that of Mr. Hughes.

However, executives at McGraw-Hill and Life magazine, which will publish excerpts of the book, have insisted that the author, Clifford Irving, produced the manuscript after 100 meetings with the economic industrialist.

Mr. Leventhal and Robert Sussman Stewart, editor in chief of McGraw-Hill, discussed the book in interviews, but said they could not give precise details because of agreements with purchasers of secondary printing rights.

U.S. Jets Chase Off MiG in Laos

SAIGON, Jan. 16 (AP).—One of Hanoi's fastest jet fighters came face to face with two of its American counterparts over northern Laos and fled with a barrage of air-to-air missiles exploding at its tail, the U.S. Command said today.

The command said the encounter yesterday was the first this year.

The command also disclosed the eighth so-called "protective reaction" strike inside North Vietnam this year, the latest against a radar-controlled anti-aircraft missile site 40 miles north of the demilitarized zone.

As the heightened air action continued for the sixth consecutive day, North Vietnamese and Viet Cong forces launched 50 rockets, mortar, sapper and infantry assaults across South Vietnam in a sustained "highpoint" of activity, South Vietnamese military sources said.

Mr. Sisco was reported to have said that if that situation were to develop as Mr. Kissinger described it, "then, of course, there was a serious risk to the viability of West Pakistan." But he added that he doubted the Indians had this as their objective.

Margrethe II Becomes Denmark's Queen

(Continued from Page 1)

Prince Henrik, joined her on the balcony. He kissed her hand and turned with her to wave to the crowd.

Then they withdrew. That was all. There is no coronation ceremony in Denmark and the queen does not wear her crown.

Naval batteries, which had fired a mourning salute for her father at noon, fired 81 rounds at five-second intervals in tribute to the new monarch.

The royal pair drove slowly back to the Amalienborg Palace through the picturesque streets of the old city in an open haredrawn landau with only a small police escort. Cheering Danes pressed forward almost to the wheels of the carriage.

At the palace the royal couple appeared on the balcony with their two children, Prince Frederik, 3, now the heir apparent, and Prince Joachim, 2.

The crowd, after singing the national anthem, cheered so lustily that the four came out again. This time the boys waved as well.

First Meeting

Earlier Margrethe had presided at her first Council of State as queen with Mr. Krug and his ministers.

Mr. Krug, a Social Democrat, was one of her father's ministers for 18 of the 24 years of his reign. He knows the 31-year-old queen well. As part of the training for her job she

WEATHER

	C	F	
ALBUQUERQUE	13	55	Cloudy
AMSTERDAM	4	39	Clear
ANAKAP	4	39	Cloudy
ATLANTA	4	39	Overcast
BELLEVILLE	11	52	Shower
BELLEVILLE	11	52	Clear
BIRMINGHAM	5	41	Partly cloudy
BOSTON	7	45	Clear
BUFFALO	20	68	Cloudy
CALCUTTA	10	50	Cloudy
COPENHAGEN	10	50	Clear
COSTA DEL SOL	12	54	Cloudy
DUBLIN	7	45	Clear
EDINBURGH	7	45	Very cloudy
FLORENCE	7	45	Very cloudy
FRANKFURT	3	37	Clear
GENOVA	3	37	Overcast
HAMBURG	3	37	Partly cloudy
HELSINKI	2	35	Rain
ISTANBUL	2	35	Rain
LAS PALMAS	18	64	Very cloudy
LEON	2	35	Very cloudy
LONDON	8	46	Rain
MADRID	6	43	Overcast
MILAN	7	45	Cloudy
MONTREAL	31	88	Clear
MOSCOW	13	55	Partly cloudy
MURKIN	3	37	Overcast
NEW YORK	11	52	Clear
NICE	9	48	Overcast
OSLO	1	34	Snow
PARIS	10	50	Very cloudy
PRAGUE	10	50	Clear
ROME	10	50	Very cloudy
SCOTLAND	3	37	Snow
STOCKHOLM	3	37	Snow
TAIPEI	16	61	Very cloudy
TOKYO	16	61	Very cloudy
VENICE	2	35	Very cloudy
VIENNA	6	43	Snow
WARSAW	14	57	Clear
WASHINGTON	10	50	Clear
ZURICH	3	37	Overcast

U.S. Canadian temperatures taken at 1700 GMT, others at 1200 GMT.

Snipers Harass Troops

More Than 200 Are Arrested In Week of Ulster Roundups

BELFAST, Jan. 16 (UPI).—The British Army continued its roundup of suspected Irish Republican Army extremists today with nine arrests in the Belfast area, an army spokesman said.

He said a week of concentrated searches had resulted in more than 200 detentions of persons suspected of connections with the outlawed organization.

Troops came under sniper fire

today in Belfast and Londonderry, the spokesman said. The soldiers shot back in the Londonderry incident. No army casualties were reported.

The army spokesman said most of the suspects seized during the week's roundup were in the Roman Catholic Andersonstown and New Lodge districts of Belfast, constant focal points for violence over the last three years.

Yesterday, as British troops seized 22 persons in raids on suspected IRA hideouts, angry women and youths attacked British patrols in the Ardoyne and Andersonstown areas and soldiers drove off the mobs with CS gas and rubber bullets to take the prisoners away, the spokesman said.

One British soldier was reported wounded by sniper fire yesterday.

Security forces, meanwhile, pressed a hunt along the County Down border with the Irish Republic for six masked gunmen who late Friday set fire to a pub in the town of Warren Point, smashing bottles of whisky and beer before they fled. Callers identifying themselves as the IRA telephoned from Dundalk, in the republic, to claim responsibility for the raiding of the pub.

A former inmate of Belfast's Crumlin Road Jail, who refused to give his name, told newsmen today the IRA has organized a special "jailbreak committee" to help escapes by suspects from prisons and internment camps across Northern Ireland.

The former prisoner said inmates at Crumlin Road Jail and Long Kesh internment camp had formed their own escape committees.

"In the past couple of months their work has begun to show results," he said. A number of detainees have escaped from Crumlin Road Jail.

Meanwhile, a second internment camp was opened today for detainees. A government spokesman said a number of men—officially estimated at 50—were transferred from the prison ship Maidstone in Belfast harbor to Camp Magilligan, a former army base on the north coast near Londonderry.

Paisley In Republic

CORAGARRY, Ireland, Jan. 16 (AP).—The Rev. Ian Paisley, militant Protestant leader in Northern Ireland, yesterday came to the Roman Catholic Irish Republic to break ground for the building here of a church of his Free Presbyterian sect.

There were no incidents. Mr. Paisley's car and busloads of his followers were escorted from the border by a heavy guard of police.

Mr. Paisley, a member of both the Ulster provincial and British Parliaments, refused to discuss politics with newsmen present. "I am here to preach the gospel, not politics," he said.

British Strike Of Coal Miners Enters 2d Week

LONDON, Jan. 16 (Reuters).—The British miners' strike entered its second week today with no sign of settlement and, so far, no serious effects on the public.

The employer, the state-run National Coal Board, said there had been no reports of shortages despite picketing by the strikers all week to block the import or movement of coal in Britain.

A coal board spokesman asserted that it was the miners themselves and the people living in mining areas who would feel the effects first. He said coal stocks were higher than they have been for years, and those most likely to suffer were people relying on "hand-to-mouth" supplies straight from the pits.

The 280,000 miners, members of the National Union of Mineworkers, are striking for a 7 percent increase in wages. The coal board has offered 7.9 percent, within the government's anti-inflation guidelines.

Recession Phenomenon: Commuting Pilots

By Robert Lindsey

NEW YORK, Jan. 16 (UPI).—New Franklin Soare, a 37-year-old United Air Lines pilot, pulls out of his driveway and heads for work. He begins a commute that spans 2,425 miles—from Seattle to New York City.

He's one of several hundred airline pilots who are commuting regularly across the country in a curious side effect to the economic problems of the nation's airlines.

Most say they don't like it, and a few suggest that the long-distance commuting—with end-of-the-day changes of time zones—might be a safety problem.

Airline pilots have been known to live far from their airport bases for years. Trans World Airlines, for example, has several captains who live in California and commute to the John F. Kennedy Airport in New York, where they leave for Europe in command of their own jets.

Several New York-based Pan American World Airways captains live in the Bahamas, where they enjoy tax advantages, as well as the warm sun and beaches.

Most pilot-commuters in the last have been senior captains—



THE WRONG HOUSE—Distracted woman stands beside her house in Sylmar, Calif., after a bulldozer mistakenly went to work and demolished it. What was to have been a \$5,000 repair job for earthquake damage is now a total loss. Valued at \$24,500, it was left unoccupied since last February's earthquake. The house that was scheduled to be demolished is just a few doors away down the street.

Hails 'Inner Strength' of People

Brandt, Just Back From U.S., Thrilled by Cordiality There

By David Binder

BONN, Jan. 16 (NYT).—Chancellor Willy Brandt, just returned from a fortnight's vacation in the United States, was so impressed with the "helpfulness and friendliness" and the "inner strength" of Americans at the grass-roots level that he wants to tell the West Germans about it.

The 58-year-old leader recalled today that he had visited the United States "many times," but almost always on official business in the big cities.

His two weeks on the west coast of Florida were "a new experience," he said in an interview.

"I sensed how much inner strength there is in these United States," he said, "how much down-to-earth helpfulness and friendliness there is among the Americans themselves and toward strangers."

This was different, he said, "from the picture of America one is often given" in Western Europe.

Many Volunteers

What impressed him especially was "how many Americans are working as volunteers" in hospitals, kindergartens and other social institutions. Brandt and his wife, Rik, visited a hospital in Sarasota, Fla., and were surprised to find the switchboard being operated by an unpaid volunteer.

Another contrast to European conditions, he said, was "how much more considerate Americans are in highway traffic, how considerate they are of others all together. I saw it with my own eyes and the lower highway death rate proves it."

He said he had remarked on this to President Nixon at the outset of his stay in Florida, Dec. 29.

Mr. Brandt said he felt the friendliness extended to him and his family in Florida had not been affected by his position as "a foreign dignitary."

He cited the neighbor who stopped by to give him a six-pack of cold beer after he had come back to his vacation hotel from a fishing trip, "because you must be thirsty after a day in the sun."

Missing in Europe

This kind of neighborly informality was largely missing at home, he remarked, and added that Europeans could do with some more of it.

The Brandts did not do a great deal of socializing in Florida, he said, but he added that they had been delighted by their meetings

ment either in New York or Chicago or look for a new job.

"I love flying," he said during an interview. "None of the 'commuters' really like it, but you learn to live with it. We feel that it will end when the economy picks up."

"I usually pick up a nonstop out of Seattle at 13:45 a.m. and get into New York about 8 in the morning. I share an apartment in Queens with two other United pilots and four Eastern pilots, where I can get some rest."

He said he generally leaves LaGuardia Airport for a series of short hops—to Pittsburgh, Atlanta, Cleveland or elsewhere—in the late afternoon and is back in New York a day or two later.

When his plane returns to LaGuardia, he catches a United jet back to Seattle, where he can relax for four days, sometimes longer, before his next flight.

Russian Asks Asylum

LAS PALMAS, Canary Islands, Spain, Jan. 16 (AP).—A Russian oceanographic engineer asked for political asylum here yesterday. Police sources in this Atlantic island said the man, Alek Mesokov, 27, did not return to a Russian fishing ship that called here to give its crew shore leave.

Moscow Radio Pays Tribute to

Angela Davis

MOSCOW, Jan. 16 (UPI).—Moscow radio yesterday broadcast a 30-minute tribute to Angela Davis featuring protest songs sung by Joan Baez and Pete Seeger.

"To be a Communist and openly express her beliefs in modern, capitalistic America demands the greatest courage," said an announcer over the sound of an American crowd, handclapping and singing "Freedom."

"And secondly, to be a Communist with black skin in the Birch and Racist America is a deed of fearlessness."

The tribute, on the program "Musical Globe," was the latest in continuing efforts by Soviet media to focus attention on Miss Davis's case.

At the same time, the officers who are running the country moved to solidify their position on the diplomatic front by inviting foreign ambassadors in for a meeting tomorrow with Col. I.K. Achampong, the new leader.

The new government's military control of the country is thought to be complete, with no opposition reported from any section. In Accra, life seems utterly normal.

The freeze on the assets of the former ministers, including the accounts of Mr. Busia's Progress party, was thought to be related to Col. Achampong's contention that official corruption had become widespread in the old government. Presumably an investigation of the assets, with public accusations, will follow.

24 Types of Toys Recalled in U.S. As Safety Hazard

WASHINGTON, Jan. 16 (AP).—The Food and Drug Administration has announced the recall of 24 types of toys it considers hazardous to children and said it would propose new safety standards for electrical and mechanical toys.

Hundreds of thousands of the squeeze toys, rattles, flutes, cars, music boxes and dolls were sold before retailers were notified of the recalls between Oct. 14 and Dec. 30, the agency said.

The items were declared hazardous under the 1969 Toy Safety Act, the FDA said, because they contain parts that can be inhaled or swallowed, or can cause cuts and punctures.

The safety standards to be proposed soon will cover heat, electrical and mechanical hazards in electrically operated toys and mechanical hazards in other toys.

Kennedy Urges Test Moratorium

WASHINGTON, Jan. 16 (UPI).—Sen. Edward M. Kennedy, D-Mass., urged President Nixon yesterday to declare a moratorium on underground nuclear testing and negotiate an underground test ban treaty with the Soviet Union.

Sen. Kennedy said he intends to introduce legislation when Congress reconvenes this week urging the President to carry out these goals.

The moratorium should last as long as the Soviets refrain from underground testing, he said.

Lisbon Sentences 4

LISBON, Jan. 16 (UPI).—A criminal court here today sentenced four dockyard workers to terms of 18 to 18 months imprisonment for alleged subversive activities, including distribution of Communist leaflets.

West Coast Dockers Set Strike Today But Talks to Avert Walkout Continue

From Wire Dispatches

SAN FRANCISCO, Jan. 16.—With a strike deadline of tomorrow morning drawing close, negotiators held last ditch talks today on a contract which could avert resumption of the West Coast longshoremen's walkout.

Both sides were warned by Federal Mediator J. Curtis Combs that the Nixon administration will move quickly to force a settlement if 15,000 workers leave their jobs at 34 ports in California, Washington and Oregon.

The International Longshoremen's and Warehousemen's Union, which struck members of the Pacific Maritime Association for 100 days last summer, set a strike deadline of 8 a.m. tomorrow. The earlier strike was halted by a court order.

Pay Increases Sought

Both sides began meeting yesterday in final attempts to avert the strike. Under discussion are pay increases and whether dockers of Teamsters Union members should handle container cargo.

The union wants a guaranteed annual wage even if there is no work. It demands wage increases totaling 26.1 percent over the next two years.

The union also demands that it be allowed to unload container shipments, which are handled in many places by the truck-driving Teamsters union.

Forty-seven of the 116 Pacific Maritime Association companies involved are foreign shippers and a strike would seriously curtail imports, particularly from Japan and West Germany.

Mr. Ingersoll, in a radio interview today, said he came here to discuss with French narcotics officials how the old Franco-American agreement on ways to fight heroin traffic was working.

Mr. Ingersoll played down reports of friction between the U.S. and French narcotics services.

Asked if there was a "cold war" between the two services, Mr. Ingersoll replied: "The talk of cold war is just rhetoric of politicians. There is nothing like that between the two services."

Some U.S. congressmen have accused the French of not doing enough to stop the heroin traffic in this country, most of which ends up in the United States. The French have denied the charges.

Asked if the U.S. Narcotics Bureau was satisfied with French cooperation, Mr. Ingersoll said: "I don't think both our services will rest until we have eliminated what we are fighting."

He was asked to comment on a statement made last summer by John Cusack, former head of the Narcotics Bureau's European

Possible U.S. Army Volunteers Get Chance to Try GI Life for 3 Days

FORT JACKSON, S.C., Jan. 16 (UPI).—Young men from South Carolina and Georgia who fancy a life as a soldier will soon be able to spend three days here to see if it matches up to their expectations.

If they want to stay after the three days, they will be sworn in as soldiers. If they don't like it, they can go home and take their chances with the draft.

The experiment is part of the U.S. Army's efforts to become an all-volunteer force by mid-1973. The "tryout" center will handle about 100 persons a week during the six-month trial beginning in early February.

As planned, the prospective recruits will arrive at this sprawling training center on a Monday evening. The next morning they will face aptitude and medical tests.

Then the youths will discuss possible Army careers with noncommissioned officers. On guided bus tours, the young men will view the post, see what ordinary recruits go through.

The men will be encouraged to take part in some of the recreational activities open to soldiers. But the program also will deal with the less pleasant sides of a recruit's life.

Col. John Kean said: "If it is raining when we take them out, they will see troops out in the middle of the woods in the pouring rain, and know it is not going to be all easy."

U.S., French Agents Crack Big Narcotics Ring, Arrest 7

Section, that three or four "big wheels" of the drug racket in Marseille benefited from political protection. Mr. Ingersoll replied: "It's possible, but I don't really know."

He said in answer to another question that Mr. Cusack was working on assignments in Washington but had not been promoted. Mr. Cusack was replaced in his Paris post last month by Paul E. Knight.

When asked whether he thought that the French secret service, Service de Documentation Extérieure et de Contre-espionnage, could have been involved in drug smuggling, Mr. Ingersoll said: "I don't think an official service of a free country could stoop to such a thing. But from my own personal experience I think it is possible that private persons could be using their cloak as officials and could have gone astray for private gain."

Drugs in Latin America

BUENOS AIRES, Jan. 16 (AP).—A U.S. congressman says the bulk of hard drugs in the United States is smuggled in from Latin America and that Paraguay is the main distributing point.

Rep. James R. Mann, D., S.C., and two other members of a congressional committee visited Brazil, Argentina, Chile and Panama last week to gather data on drug smuggling. While in Buenos Aires they met with American Embassy officials and U.S. narcotics agents.

"The current opinion of U.S. customs is that more than 50 percent of all hard drugs in the United States are smuggled into the country from Latin America," Rep. Mann said in an interview.

"We think that Paraguay is the leading Latin country in this traffic, and the main reception area for heroin from Europe en route to the United States."

Chilean Troops Posted at Polls

SANTIAGO, Chile, Jan. 16 (UPI).—Armed troops guarded polling places in three rural states today during congressional elections widely regarded as an important popularity test for President Salvador Allende's government.

Troops carrying submachine guns were posted outside voting booths in the states of O'Higgins, Colchagua and Linares, where a senator and deputy were being elected. The seats had been held by opponents of Mr. Allende's coalition of Socialists, Communists and left-wing splinter groups.

The outcome will not change the balance of power in Congress where the Allende coalition holds 66 of the 180 Chamber of Deputies seats and 23 of the 50 Senate seats.

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Prices Fall, Markets Shrink

Soaring Asian Rice Output Causing Economic Strains

TOKYO, Jan. 16 (NYT).—The rice revolution in Asia, while easing the threat of mass starvation, has begun to cause economic strains as production soars, prices fall and markets for traditional rice-exporting countries dwindle.

These strains, officials of exporting countries charge, are being aggravated by the United States, which has led the world in rice exports for five years by selling rice under the Food for Peace program on easy credit terms that smaller countries cannot match.

The use of high-yielding "miracle rice" varieties, along with greatly improved growing methods, has increased overall production in Asia to the point that some experts are predicting a net surplus in the region within three years. The effects of jumps in production, however, are already being felt and efforts are under way in many countries to diversify crops.

After years as a major world importer, India announced last week that it had achieved self-sufficiency in rice production.

Japan, a rice importer four years ago, amassed a surplus last year of nearly seven million tons and for two years has been paying farmers not to grow rice.

Officials in Burma and Thailand, meanwhile, are predicting long-term economic depression as rice prices fall in both countries.

Arabs Ambush Americans' Car: Nurse Is Slain

TEL AVIV, Jan. 16 (UPI).—Arab guerrillas ambushed a Gaza city hospital car outside the Gaza strip's Jebel Rafia refugee camp today, killing an American nurse and wounding an American Baptist minister and one of his three daughters, the army said.

An announcement said Miss Marie Faye, 46, of Ringgold, La., died of injuries suffered in the attack. Military sources identified the other two wounded persons as Edward Nicholas, 47, of Austin, Texas, administrator of the Baptist hospital, and his daughter, Carol, 17. They are not on the critical list.

The sources said Arab guerrillas two years ago ambushed a car Mr. Nicholas was driving as it approached Gaza city's railroad intersection. Another daughter of his, Mary Ann, then suffered light injuries.

Reds in Rome Plan Campaign For Permanent Free Transit

ROME, Jan. 16 (NYT).—A no-fare transit project, tested for nine days in this city recently, seemed today on its way toward becoming a hot political issue.

The Communist party charged that some city hall departments were unenthusiastic about the experiment, or had resorted to outright sabotage, and the party announced it would organize a "fight" on a broad front for free public transportation.

In the experiment, from Dec. 30 to Jan. 7, passengers on all buses and streetcars in Rome rode for free. The idea was to induce commuters and city dwellers to leave their cars at home and thus relieve traffic congestion.

While the no-fare plan is under heated discussion, another traffic proposal is being aired here and in Milan, Italy's second largest city—tolls on all private cars entering high-density urban areas.

The free-ride experiment was discussed in a special meeting of Rome's traffic commission and other experts yesterday. Traffic Commissioner Benito Casora and the presidents of the two municipal transit systems, Giorgio La Morgia and Luigi Tinazzi, reported that the temporary suspension of bus and streetcar fares, averaging eight cents, brought an increase in passengers of almost 50 percent during the test period.

No More Speed

The traffic officials said also that the rolling stock of the transit network had been far better utilized than usual, but conceded that buses and streetcars had not

Czechs, E. Germans Cross Border Freely

BERLIN, Jan. 16 (Reuters).—Hundreds of East German tourists streamed into Czechoslovakia yesterday, the first day of new border regulations under which they no longer need visas or passports to enter the country.

The East German news agency ADN reported that many of them crossed into Czechoslovakia through a border point at Oberwiesenthal opened to cope with the increased traffic.

The new regulations also apply to Czechoslovaks crossing into East Germany, and ADN said many took advantage of the opportunity today. Similar regulations came into force on the East German-Polish border at the beginning of this month as part of an "open frontier" policy agreed between the three neighboring Communist countries last year.

By James P. Sterba
rice exports provide most of the foreign exchange earnings. On the Bangkok rice market in December, 1969, white rice with 15 percent broken kernels—a standard medium-priced mix—was \$155 a ton. In December, 1970, it had fallen to \$125 a ton. Last month, it was selling for \$92 a ton.

That officials charge that as prices and their markets decline, the United States continues to flood Asia with American-grown rice sold on credit with low interest rates through its foreign aid program. And they argue that the U.S. does it largely for domestic political reasons.

A move last month by the U.S. Department of Agriculture is being cited in Japan as an example of the political nature of the American food aid program.

After two years of reducing rice acreage allotments in the United States, the secretary of agriculture announced on Dec. 17 that this year's acreage cuts were being rescinded. This means that rice farmers in the Southern states and in California will be allowed to cultivate 183,865 more acres of rice than previously announced.

Japanese Suspicions
"It's called the old game of how to lose friends in Asia and win elections in America," a diplomat commented.

The official reason given for maintaining the acreage level was that there would be an increased foreign demand this year, especially from South Korea.

But Japanese officials suspect that diplomatic pressure was applied to the South Korean government to buy more American, less Japanese, surplus rice. Japan sells rice on the same easy credit terms, but has less political influence than the United States. More than half of Japan's 1970 rice exports went to South Korea.

Japan has so much surplus rice that it turned away a million tons of it into animal feed last year and sold it at a loss of \$40 a ton.

Meanwhile, rice consumption has been steadily declining in Japan as diets move toward consumption of more meats, vegetables and fruit.

Japan has had the economic health to weather her rice glut, despite large amounts of American rice entering the Asian market.

The smaller rice-exporting countries of Asia, however, expect their rice surplus problems to grow.

traveled any faster than before the experiment.

The Traffic Commission was told that since the no-fare period had ended, everything was again as it had been before—traffic was chaotic, buses were slow and bunched together, and the number of passengers was back to normal.

Communist city councilmen contended that the no-fare system must be coupled with a permanent ban on all private autos in the city center. To prepare such a traffic revolution, the Communists said, the city ought to enlarge the existing system of marked traffic lanes that are reserved for buses and taxis, rigidly enforce all street rules, and buy new equipment.

The powerful trade union movement, comprising Communist and non-Communist groups, has been campaigning for free urban transportation for some time. The unions insist that a ban on private cars and a no-fare transit system in urban areas would cost the community less, on balance, than the present traffic anarchy.



MUTINY—Inmates of riot-torn prison in Nancy, France, on roof of the main building.

6th Recent Disturbance by French Convicts

Rioting Damages Prison in Nancy

By Henry Gimiger

PARIS, Jan. 16 (NYT).—France's trouble-ridden penitentiary system was hit yesterday by a new outbreak that wrecked a large part of the prison in Nancy.

The prison was the sixth to be affected by disturbances in recent days. Minister of Justice René Pleven rushed back to Paris from a weekend in Brittany and warned that police and military forces had been placed at his disposal "to oppose any attempt at subversion in the prisons."

Authorities today transferred to other jails 350 prisoners who did not take part in yesterday's rioting at the Nancy prison, Reuters reported. The other 210 prisoners spent a calm night in the damaged prison.

Mr. Pleven today called on all state prosecutors to visit the prisons in their area and talk to the prisoners, guards and administrators to determine exactly what are the conditions in the jails.

Visiting Day

In the Nancy uprising, the inmates chose visiting day to start their rebellion. At 8 a.m., a large number of prisoners were out of their cells, presumably to meet their families. Some climbed to the roof, which they demolished in large part, using the tiles as projectiles against anybody who attempted to approach. Other rebels looted the canteen for food and began throwing anything movable out of the windows. Firemen who tried to drive prisoners off the roof with a hose were driven back by a barrage of tiles and beer bottles.

Outmanned guards fired machine guns into the air to intimidate the 50 prisoners who held out on what was left of the roof. This had little effect. The rebels displayed a bedsheet on which was written "We are hungry." They then ate lunch from the looted canteen supplies, washing the food down with a large amount of beer. The empty bottles were used as projectiles. In the street below them several thousand persons massed. Many were hostile to the rebellion but a few youths were detained for a short while by the police after expressing sympathy for the prisoners.

Policemen and guards were called into the prison and went into action in the beginning of the afternoon. With the help of tear gas, they subdued the prisoners in an hour and a half. Only six injuries were reported, three on each side and none serious. Damages were estimated at several hundred thousand dollars.

Obituaries

William H. Grimes, Ex-Editor Of the Wall Street Journal, 79

NEW YORK, Jan. 16 (NYT).—William H. Grimes, 79, a former editor of the Wall Street Journal who won a Pulitzer Prize for editorial writing in 1948, died Friday.

Mr. Grimes spent 38 of his 48 years as a newspaperman with The Wall Street Journal. As managing editor from 1935 to 1941 and as editor from 1941 to 1958, Mr. Grimes supervised the paper as it was reshaped from a narrowly-based financial journal into a newspaper of national circulation. Prior to his retirement, he was editorial director and a vice-president of Dow Jones & Co., Inc., the newspaper's parent concern.

A concise depiction of Mr. Grimes was embodied in the citation that accompanied an honorary degree of Doctor of Commercial Science awarded to him at the New York University commencement exercises in the spring of 1957. It said in part:

"A brilliant economist of incisive mentality, thoroughly addicted to old-fashioned honesty and common sense, master of the homely analogy, giving vent to sound intuitive opinion with fearless conviction, he has helped advance his paper from a parochial

business bulletin to the foremost ranks of American journalism."

Reg Day

LONDON, Jan. 16 (Reuters).—British racehorse trainer Reg Day, 88, who trained in Germany for five years before World War I, died yesterday.

Mr. Day went to Germany in 1907 as trainer to the Gradiats Stud and had charge of horses owned by the Kaiser. In his five years with the Gradiats Stud he trained three German Derby winners.

George Gee

WYANDOTTE, Mich., Jan. 16 (UPI).—George Gee, 50, former National Hockey League star with the Chicago Black Hawks and Detroit Red Wings, collapsed and died Friday night while participating in a Red Wings old-timers game.

D. Harold Oliver
FORT LAUDERDALE, Fla., Jan. 16 (AP).—D. Harold Oliver, 74, who rose from copy boy to White House reporter and top political writer for the Associated Press, died Friday. He retired in 1962 after 49 years with AP.

Mr. Pleven accused "certain subversive elements" of using prisoners to provoke dangerous agitation.

"The real goal of the trouble-makers is to hinder reforms that have been decided so as to be able to cultivate reasons for agitation," he said.

Mr. Pleven did not name any, but his chief spokesman ac-

cused Jean-Paul Sartre, the leftist philosopher and writer, of incitement with articles calling for immediate revolts in the nation's prisons, Reuters reported.

Prisoners at Nancy complained of unfair punishment. A tract thrown from the roof to the crowd below said in part: "We demand that the inmates no longer be covered with blows by the guards for slight infractions."

Chances for Mideast Talks Rated 'Very Good' by Dayan

TEL AVIV, Jan. 16 (AP).—Defense Minister Moshe Dayan said yesterday that chances for negotiations on a Middle East peace settlement were "very good" and that Israel should make it clear that "we are ready to compromise."

Commenting on Thursday's speech by President Anwar Sadat of Egypt, Mr. Dayan said Mr. Sadat was "searching for a solution without going to war."

"We should be ready to enter negotiations with Egypt...in any way they want, and it should be made clear that we are ready to compromise," the defense minister said.

Asked by a television interviewer what he thought of the chance that negotiations would begin, Mr. Dayan answered, "From an objective viewpoint, the chances for negotiations are very good—better than in the past."

He indicated that he thought Mr. Sadat might be more willing than in the past to negotiate with Israel because he had exhausted other means of forcing a withdrawal of Israeli forces from occupied Arab territory.

Mr. Dayan said that by advocating compromise he did not mean to make concessions to encourage negotiations.

"I don't think we will retreat from the Suez Canal as long as there is a possibility of renewed fighting," he said. "But in the framework of negotiations, we should be willing to meet the Egyptians halfway in compromise."

Mr. Dayan was also quoted today as having said that he does not expect to become premier.

In an interview with the Observer of London, Mr. Dayan said: "It was only the threat of war in 1967 that brought me to my present position. My candidature would have no future. Why? Because I am not the favorite of my party. I have the backing of no party. Besides, it is not a job I hope for. It would not come easily to me. I could not say I would like it."

Lebanese Villagers Flee
KIRYAT SEDEMONA, Israel, Jan. 16 (Reuters).—Villagers in southern Lebanon living near the Lebanese Leader Warns Israelis

BEIRUT, Jan. 16 (NYT).—Premier Saeb Salam said yesterday that orders have been issued to Lebanon's armed forces to fight off any Israeli attack against Lebanon.

Mr. Salam made the announcement after holding further meetings with the army commanders at the Ministry of Defense. The 18,000-man army had been placed in a maximum state of alert following the warning issued by the Israeli Chief of Staff David Elazar Friday.

Mr. Elazar said that Israeli forces would strike into Lebanon if Arab guerrilla activity emanating from there is not halted completely.

The warning was transmitted Friday to the Lebanese government in writing through the United Nations Mixed Armistice Commission.

Sees Iran as Custodian

Shah Warns Powers on Persian Gulf

By Marvine Howe
TEHRAN, Iran, Jan. 16 (NYT).—Shah Mohammad Reza Pahlavi has warned the big powers and non-Gulf Arab countries against establishing a military presence in the Persian Gulf.

Iran appears determined to assume responsibility for the security of the vital waterway that serves the region containing 70 percent of the world's oil reserves.

The Iranian role as custodian of the gulf was the principal theme in a 70-minute audience in French granted by the Shah yesterday to a small group of Swiss and American newsmen. The 51-year-old monarch, appearing serious and somewhat tense, received the visitors in his opulent office in Niavaran Palace, nine miles from the center of Tehran.

"We have declared before that we would not want to see any foreign presence in the gulf—England, the United States, the Soviet Union or China—our policy hasn't changed," the Shah declared. This is in response to questions on the U.S. agreement to keep naval facilities at Bahrain after Britain's withdrawal of forces from the area at the end of last year.

Iranian annoyance at the U.S. action was more explicitly expressed in a sharp editorial in the usually pro-American Tehran press. A leading Persian daily expressed surprise at the U.S. move which "may lead to the endangering of the security of other nations."

"The Soviet Union and other countries are fully justified in protesting the stationing of three American warships in the region," the paper said. "We have even a greater right to protest this unwise action which certainly is against the interests of the regional security and demand that the United States should review its wrong policy, to say the least, and leave the Persian Gulf as soon as possible."

2 Die in Collision Of Trains in France

COGNAC, France, Jan. 16 (UPI).—A local train derailed today at a station in France, killing two persons, including the local train's engineer, and injuring 49, 13 of them seriously.

Firemen with cutting apparatus freed scores trapped in the wreckage, many of them children returning from school. The local train was traveling from Angoulême to Saintes.



The Shah of Iran

The Shah, in a more gentle manner, suggested that Washington would do well to leave the defense of the gulf to Iran. "I think the United States realizes it can't be an international gendarme and that world stability should be assumed by countries which can assume the responsibility in different regions," he said.

Iranians to Try 120 Communists On Subversion

TEHRAN, Jan. 16 (Reuters).—A group of 120 Iranians alleged to have attempted to kidnap the Shah's nephew and the U.S. ambassador here are to be tried before a military court on charges of sabotage, espionage and subversion, it was announced today.

A security spokesman, who described the accused as a gang of Iranian Communist saboteurs, said they had been trained in guerrilla warfare in Iraq and East Germany. He said their public trial before a military tribunal would open in three weeks.

All had been arrested during the past five months, the spokesman said.

The spokesman said four armed guerrillas attacked and tried to kidnap the Shah's nephew, Prince Shahmar, last September and shot an office boy who came to his aid. The boy later died.

The spokesman said the attempted kidnapping of the U.S. ambassador, Douglas MacArthur 2d, came one midnight in December, 1970, as he and his wife were driving home from a reception on the outskirts of Tehran. Five armed men in two cars took part in the attempt, but the ambassador's driver evaded them.

said, adding: "How many times can you repeat the Vietnam experience?"

Emphasizing that Iran had no "imperialistic designs," the Persian ruler expressed the conviction that his country had an important role in the gulf to promote the security and stability of the region and also contribute to the technical needs of some of the countries in the area.

Enemies

Acknowledging that Iran was building up its defenses in the Persian Gulf and had plans to extend them to the Gulf of Oman, the Shah declined to identify possible enemies, except to say they were "all those who would be against free navigation and all who have as principal aim and interest the instability of the region."

He pointedly warned the Arab states not to try to find a vacuum in the gulf to "try to revenge themselves" for frustrations on the Israeli front.

The Shah bitterly attacked Iraq for the recent mass expulsion of an estimated 60,000 Iranians as reprisal for Iran's seizure of three Arab-ruled islands.

"They must look out," he said. "One can go just so far in the policy of provocations; after a certain point it can no longer be accepted."

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DEATH NOTICE
LANE — Bernard J., beloved husband of Jeanne Lane on January 16, 1972. The funeral service will be held at the American Cathedral, 23 Ar. George-V, on Wednesday 12th, at 10.30.

Session Resumes Tomorrow

A Busy Year Ahead for Congress

By Richard D. Lyons

WASHINGTON (WFP).—Congress returns for its second session Tuesday and on Thursday President Nixon will tell the Democratic Congress what he wants it to do in this election year.

These may be the last civil words between them in this highly political season, when nearly a dozen members of Congress are trying to take Mr. Nixon's job away or turn his policies around.

The session need not be a negative one—as were those of 1948 and 1960—just because the White House and Congress are controlled by different parties in an election year. In several major areas—such as welfare reform and health insurance—a majority of Democrats want the same things Mr. Nixon does, only more so. The fight will be over degree and approach.

However short or long the President's list of new legislative proposals, Congress has enough unfinished business to keep it busy in a year chopped up by national conventions and the fall campaign. Speaker Carl Albert has asked all House legislative committees to complete their work for the year by June 1 so the appropriation bills can be cleared.

The White House has been lolling trial balloons about a national sales tax—a value-added tax—but few believe such a controversial innovation could be enacted in an election year.

Standard Issues

The war and the economy will continue to be issues. Sen. Mike Mansfield, the majority leader, is expected to keep offering his amendment to end the war in six months, subject to release of prisoners, and could win. The Senate also will consider a provision to limit the President's power to wage war without concurrence by Congress.

The expected peace dividend—the converting of money spent in Vietnam to meet domestic needs—does not exist. The budget deficit keeps mounting and another increase in the national debt ceiling, now \$80 billion, appears certain. Mr. Nixon is expected to ask for a larger military budget to catch up on defense needs deferred during the war, and may present it in part as a job-producer.

Congress is not likely to enact this year a larger public service employment program, which some of its leaders consider a political slush fund for the President. But the House Public Works Committee is looking with interest at a Senate bill that would pump money into depressed areas by redefining disaster relief to include economic, as well as natural, disasters.

Democrats have come up with their version of revenue sharing. It has more federal control over money given to states and communities, but is more likely to pass than is Mr. Nixon's strings approach.

Welfare reform, with its guaranteed annual income for the poor and work program for welfare recipients, has passed the House and is scheduled to be sent to the Senate floor by March. The bill is expected to be out back in the Senate Finance Committee, but a coalition is hoping to strengthen it on the Senate floor. Any appeal the bill might have had for conservatives would appear to have disappeared when Congress passed the last program as a separate bill last month.

The administration's mild health-insurance bill has not moved. In the Senate, proposals range from a program of cradle-to-grave federally financed health insurance to one limited to covering catastrophic illness. Passage this year seems doubtful. The program has not had a sufficient gestation period, said a Senate staff man who recalled how long

it took to enact Medicare for the aged.

Both the House and Senate must act soon after they return to clear the foreign aid bills that tied them up until the week before Christmas. The House still must approve the conference report on the foreign aid authorization, and the Senate must pass an appropriation.

Another unfinished piece of business for the House is the conference report on the campaign spending bill, which requires disclosure of political donations and limits spending.

The first major bill before the House will be a measure to strengthen the Equal Employment Opportunity Commission. Civil rights groups want it to be able to issue cease-and-desist orders against discrimination in jobs, out the House approved the administration bill to permit it to seek court orders.

Also awaiting Senate action is a higher education bill tying, as the House did, aid to colleges with \$1.5 billion to help grade and

high schools desegregate. This could produce a rash of anti-busing amendments, as it did in the House.

The Senate also has scheduled early action on a constitutional amendment approved by the House guaranteeing equal legal rights for women and men. In the past, the Senate has made this unacceptable to women's groups by adding exemptions. The Supreme Court may have outlawed discrimination because of sex.

The first big issue before the House may be a bill increasing the minimum wage from \$1.50 to \$2 an hour and extending coverage to state and local government workers.

The administration wants to stretch out the rise toward \$3 and opposes extended coverage. A stronger bill is expected to pass.

Congress is expected to vote billions more to clean up the nation's waterways, and in a way closer to the strong federal controls included in the bill passed

by the Senate than to Mr. Nixon's formula.

A consumers' protection agency is almost certain to be established. The question is whether it will have broad or narrow powers to intervene with federal agencies in behalf of its clients. The new concept of no-fault auto insurance is moving in the Senate, but also may be too big a change of direction to make it all the way this year.

Housing legislation must be extended, but a bill taking shape in the House that is designed to scatter the cities' poor through the suburbs may be too ambitious. If the Strategic Arms Limitation Talks produce any agreement, this could take up a good deal of time in the Senate.

There are also more than a dozen appropriation bills to pass to keep the government operating. There will be plenty for Congress to do, even if Mr. Nixon tells it nothing more on Thursday than the state of the nation is good and will get better all year long.

Heart Attacks and Life-Style

By James T. Wooten

CLAXTON, Ga. (NYT).—Lonnie Palmer is a black man who eats all the wrong foods, lives in a drafty sharecropper's house, chews tobacco, works seven days a week, never takes a vacation and is known to sip a little whiskey from time to time.

Aubrey Strickland, on the other hand, is a white man who resides in a \$40,000 home, keeps to a strict diet, rarely takes a drink and spends his annual three-week vacation out of town.

Nevertheless—according to the first such study of a total community—Mr. Strickland, 50, an affluent bank executive, is more likely to suffer a heart attack than Mr. Palmer, 51, the poverty-ridden sharecropper. This is not because of race, but simply because one lives at a higher social level than the other.

The 10-year investigation, the preliminary results of which were published earlier this month in *The Annals of Internal Medicine*, statistically documents a virtual immunity to coronary disease among the white sharecroppers and the older black men who live and work in these hinterlands about 50 miles west of Savannah.

The study tentatively concludes that all low-income people, regardless of race, stand a far better chance of avoiding heart attacks than those above them on the socio-economic ladder.

Although some of the data are still being analyzed, the project has been greeted with enthusiasm in medical research circles for its qualified answers to frequently asked questions about the lower incidence of heart problems among blacks than among whites.

Remarkable

Its most remarkable indication is that poor, lean, nonsmoking, physically active individuals of both races can eat more animal fats, register higher cholesterol levels, tolerate heightened blood pressures and demonstrate electrocardiogram abnormalities without the coronary risks that such factors ordinarily entail.

"We think it means that of all the ingredients of cardiac health, life-style is quite primary," said Dr. Curtis M. Hames, the general practitioner who has guided the study since it began in 1960.

Like most other members of his profession in Southern rural counties, the 51-year-old physician noticed over several years of practice that his black patients were seldom bothered by heart problems. Like many of his colleagues, he assumed it was a racial trait.

"But I began to doubt that assumption in the mid-1950s when it became clear that the same immunity could be observed in

A study tentatively concludes that all low-income people, regardless of race, stand a far better chance of avoiding heart attacks than those above them on the socio-economic ladder.

all of my patients from the lower social-achievement levels," he added.

The study began here in Evans County on that premise and although Dr. Hames insists that his role has been "like Tom Sawyer getting the fence whitewashed," he has in fact been its founder, fund-raiser and source of inspiration, traveling to many foreign countries to recruit experts.

Among those who have contributed to the research were epidemiologists from the University of North Carolina, U.S. Public Health Service officers and scientists from Duke University, Rockefeller University, Rochester University, the University of Michigan, Sweden's Karolinska Institute, England's Isle of Wight Pathological Laboratories and schools in Norway and Italy.

It was a huge undertaking. A total of 3,102 people out of Evans County's relatively stable population of 7,000 was involved, including everyone over 40 years of age and half of those between 15 and 39.

The research project was officially sponsored by the University of North Carolina's department of epidemiology, but its total cost—not yet determined—will be shared by several other institutions.

The project encompassed the entire social and economic spectrum in the community, reaching from impoverished sharecroppers like Mr. Palmer to Mr. Strickland, the \$30,000-a-year vice-president of the Claxton Bank. Both of them enthusiastically committed themselves to the peppy regimen of urine samples, blood tests, interviews and examinations.

Their willingness to cooperate in the study is about the only thing they have in common. Mr. Strickland's work schedule is consistent, but it is not physically demanding. He spends much of his day behind the walnut desk in his office, interviewing customers seeking loans, talking on the telephone to financial institutions in other communities, dictating and signing correspondence and supervising the personnel operations of the bank.

"It is a busy routine with important responsibilities and although he says he does not take his problems home, he appears older than he is."

When the sun rises on the farm

where he lives and works a few miles from Claxton, Mr. Palmer is already up and about. His wife, Eva, 48, prepares a bountiful breakfast—eggs, bacon, coffee and bread—but because cooking oils are more expensive, she uses raw hog lard, which is enormously high in animal fats and is therefore regarded by most physicians as unhealthy.

A high-fat diet is common among the rural poor of both races across the South. Cheap meats, including some venison and lard, are popular on the tables of the poor. Surplus-food programs administered by the government are "guaranteed" quite high in fats, starches and carbohydrates. Moreover, corn is the most common way to eat meats, and doctors are highly critical of it.

Nevertheless, Mrs. Palmer's breakfast satisfies them both and before 7 a.m. they are at work in the chicken houses, caring for the more than 29,000 broiler chickens the white owner is raising.

Lunch was a stew of chunks of cheap beef, rice and turnip greens—a meal high in starches and carbohydrates—and by 1 p.m. Mr. Palmer was back in the field, where he remained until after 6 o'clock that evening.

After supper with their oldest daughter's three sons and their own son and daughter—the meal again was one of high fats and starches—the family, including their youngest daughter, retired to the living room for an evening of television.

None of the researchers would offer a definite reason for the findings their project has uncovered in Evans County, but Dr. Hames suggests a theory that he believes makes good sense.

Man, he says, is equipped with an instinctively operated "right or fight" mechanism, perfected over the eons of evolution. "It is nature's way of helping man at his crudest level of existence—say the prehistoric citizens—to survive by lessening the risk of bleeding to death in combat," Dr. Hames explained.

In moments of stress, the human body reacts by chemically increasing blood platelet stickiness, he says, and tests conducted over the last 10 years in Evans County show that the response to stress of the more affluent residents was about one-and-a-half times as dramatic as those who are poorer.

Portrait of the Carefree Woman: She Smokes

By George Getze

BERKELEY.—Women who smoke cigarettes are more inclined to be carefree and carefree in their mode of life than women who do not, according to a University of California at Berkeley statistician.

They also are more likely to drink coffee, beer and whisky, while the nonsmoking women seem to prefer tea, milk and wine, he reported.

Dr. Yerusalmay, professor of biostatistics at the Berkeley School of Public Health, made these findings in a study he said shows that cigarettes apparently are not to blame for the lower weight at birth of the babies of women who smoke.

He said that smaller babies born to smokers are "due to the smoker, not to the smoking."

Mr. Yerusalmay explained by pointing out that smoking cigarettes is only one specific char-

acteristic of the kind of women most likely to have small babies. It is not the cause of the smallness.

Death Rate

Smaller than normal newborn children have a higher "perinatal" death rate than heavier children—that is, more of them are born dead and more of them die in the first month of life. Mr. Yerusalmay said their perinatal death is actually 20 times that of heavier babies.

He studied more than 5,000 women admitted to the Kaiser Hospital in Oakland, Calif., between 1960 and 1967 and also studied all their previous deliveries.

Besides preferring coffee to tea, beer to milk and whisky to wine, the smokers were found to be less likely to use contra-

ceptive methods than the nonsmokers and less likely to plan a pregnancy.

Women who smoke are more likely to drink and indulge in other habits to excess, according to Mr. Yerusalmay. "In general, the nonsmokers are revealed to be more moderate than the smokers, who are shown to be extreme and carefree in their mode of life," he reported.

"These findings raise doubt that cigarette smoking acts as an outside factor which interferes with the development of the fetus."

They support a hypothesis that smokers represent a group of people whose reproductive experiences would have been what it was whether or not they smoked.

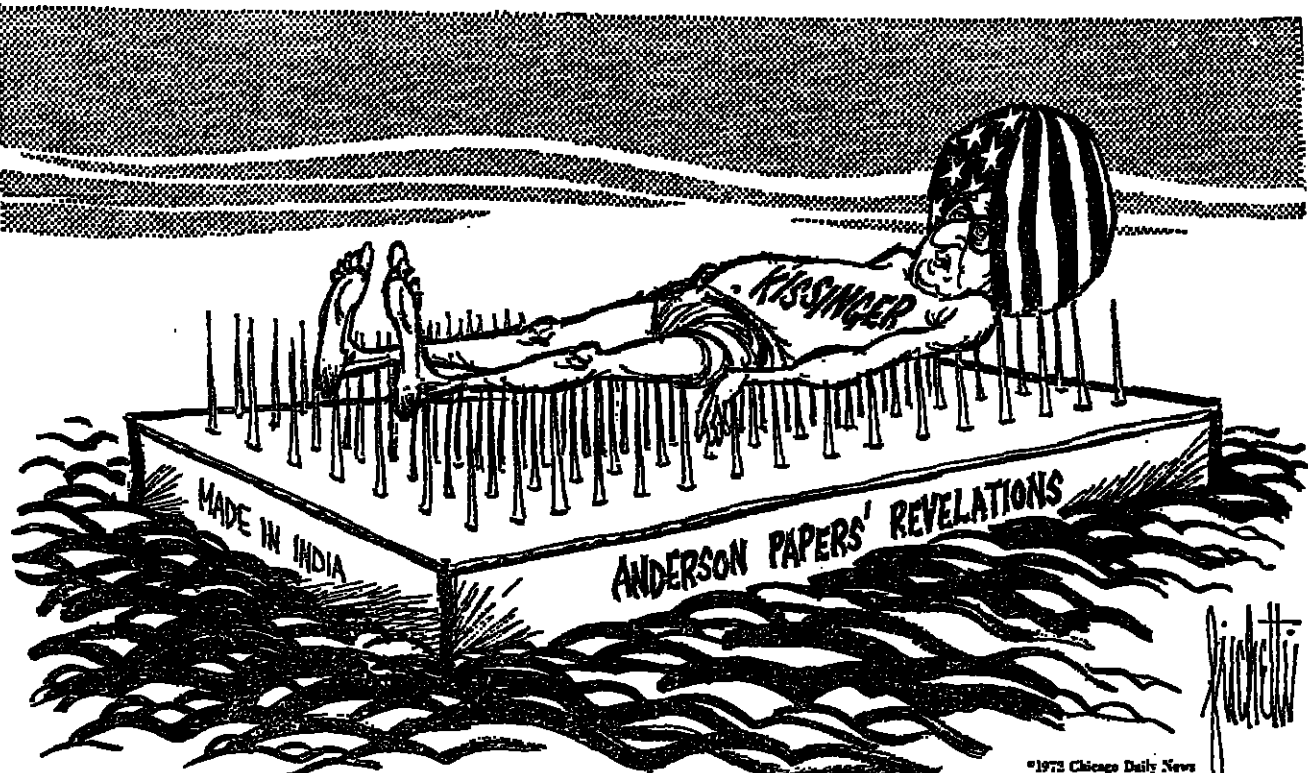
They thus support the idea that smoking cigarettes is irrelevant when it comes to having smaller babies, or, at most, only one of many factors.

Mr. Yerusalmay said earlier studies that have indicated a cause-and-effect relationship between smoking and small babies violated the scientific principles of statistical investigation.

"They did so by dealing with what he called 'self-formed' groups—that is, with women who determined themselves in which group they belonged, such as smokers, nonsmokers and persons who had smoked and quit."

The basic rule for valid scientific inference is, according to Mr. Yerusalmay, that groups being compared must be alike in all important characteristics. If early studies had followed that rule, they would have eliminated every possible influence except cigarettes.

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"If It Weren't for the Honor of the Thing, I'd Prefer a Waterbed."

Text of U.S. Leaders' Strategy Session

WASHINGTON, Jan. 16 (NYT).—Following is the text of a memorandum on a National Security Council committee meeting on Indian-Pakistan hostilities, made public Friday by columnist Jack Anderson:

SECRET/SENSITIVE
THE JOINT STAFF
THE JOINT CHIEFS OF STAFF
WASHINGTON, D.C. 20301
8 DECEMBER 1971

MEMORANDUM
FOR RECORD
SUBJECTS: Washington Special Action Group meeting on Indo-Pakistan hostilities; 8 December 1971.

1.—The NSC Washington Special Action Group met in the Situation Room, the White House, at 1100, Wednesday, 8 December to consider the Indo-Pakistan situation. The meeting was chaired by Dr. Kissinger.

2.—ATTENDEES:

A. PRINCIPALS: Dr. Henry Kissinger; Mr. Richard Helms, CIA; Gen. John Ryan, JCS; Mr. Donald MacDonald, AID; Mr. David Packard, Defense; Ambassador U. Alexis Johnson, State. B. OTHERS: Mr. Maurice Williams, AID; Mr. John Waller, CIA; Col. Richard Kennedy, NSC; Mr. Samuel Hockanson, NSC; Mr. Harold Saunders, NSC; Mr. Armistead Selden, Defense; Mr. James Noyes, Defense; Mr. Christopher Van Hollen, State; Mr. Samuel De Palma, State; Mr. Bruce Laingen, State; Mr. David Schneider, State; Mr. Joseph Sisco, State; Rear Adm. Robert Welander, OJCS; Capt. Edward Kay, OJCS.

3.—Summary. Dr. Kissinger suggested that India might be attempting, through calculated destruction of Pak armored and air forces, to render Pakistan impotent. He requested that the Jordanian interest in assisting Pakistan not be turned off, but rather kept in a holding pattern. He asked that Pak capabilities in Kashmir be assessed.

4.—Mr. Helms opened the meeting by briefing the current situation. In the East, the Indians have broken the line at Comilla. Only major river crossings prevent them from invading Bangladesh. The Indians are advancing rapidly throughout East Pakistan. All major Pak LOCs in the East are now vulnerable. In the West, the Paks are now claiming Punch, inside the Indian border. However, the Paks are admitting fairly heavy casualties in the fighting. Tank battles are apparently taking place in the Sind/Rajasthan area. Mrs. Gandhi has indicated that before heading a UN call for cease-fire she intends to straighten out the southern border of Azad Kashmir. It is reported that prior to terminating present hostilities, Mrs. Gandhi intends to attempt to eliminate Pakistan's armor and air force capabilities. Thus far only India and Bhutan have recognized Bangladesh. It is believed that the Soviets have held off recognition primarily so as not to rupture relations with the Paks. Soviet action on the matter of recognition, however, may be forthcoming in the near future.

5.—Mr. Sisco inquired how long the Paks might be expected to hold out in East Pakistan, to which Mr. Helms replied 48 to 72 hours. The time to reach the ultimate climax is probably a function of the difficulties encountered in river crossings.

6.—Assessing the situation in the West, Gen. Ryan indicated that he did not see the Indians pushing too hard at this time, rather they seem content with a holding action.

7.—Dr. Kissinger asked how long it would take to shift Indian forces from East to West. Gen. Ryan said it might take a reasonably long time to move all the forces, but that the airborne brigade could be moved quickly, probably within a matter of five or six days.

8.—Dr. Kissinger inquired about refugee aid. After a discussion with Mr. Williams it was determined that only a very small number of U.S. dollars earmarked for refugee relief was actually entering the Indian economy.

Terms Used in the Text

AID—Agency for International Development.
Azad Kashmir—Free Kashmir, name of Pakistani-held parts of Kashmir.
CENTO—Central Treaty Organization.
CIA—Central Intelligence Agency.
F-104—Starfighter jet aircraft.
JCS—Joint Chiefs of Staff.
LOC—Line(s) of communication.
MAP—Military Assistance Program.
NSC—National Security Council.
OJCS—Office of Joint Chiefs of Staff.
Paks—Pakistanis.
PL-480—Public Law 480, governing surplus food sent abroad as aid.
SS—Buckeye State—American steamship stranded in a Pakistani port.
USG—United States government.
USN—United States Navy.

Contrary to the sense of the last meeting, the Indians have actually lost foreign exchange in the process of caring for refugees. In any event, the entire relief effort is currently suspended in both India and Pakistan.

9.—Dr. Kissinger then emphasized that the President has made it clear that no further foreign exchange, PL-480 commodities, or development loans could be assigned to India without approval of the White House. Mr. Williams stated there was no problem of anything sliding through.

10.—Dr. Kissinger inquired what the next turn of the screw might be. Mr. Williams said that the only other possible option was taking a position concerning aid material currently under contract. This, however, would be a very messy problem inasmuch as we would be dealing with irrevocable letters of credit. Mr. Williams further stated that we would have to take possession of material that was being consigned to the Indians by U.S. contractors and thus would be compelled to pay U.S. suppliers, resulting in claims against the USG.

11.—Mr. Packard said that all of this could be done, but agreed that it would be a very laborious and difficult problem. He further elaborated that all the items involved would have to be located. The United States would have to take ownership, settle with suppliers, locate warehousing, etc. Nevertheless, if such was desired it could be done. Mr. Williams said that in a very limited way the type of action had been taken against some Middle East countries, but that it had taken years to settle the claims.

12.—Dr. Kissinger asked how India was handling next year's development-loan program, to which Mr. Williams responded that nothing was under negotiation at the present time.

13.—Dr. Kissinger inquired about next year's (AID) budget. Mr. Williams stated that what goes into the budget did not represent a commitment. Dr. Kissinger stated that current orders are not to put anything into the budget for AID to India. It was not to be leaked that AID had put money in the budget for India, only to have the "wicked" White House take it out.

14.—Dr. Kissinger suggested that the key issue if the Indians turn on West Pakistan is Azad Kashmir. If the Indians smash the Pak air force and the armored forces, we would have a deliberate Indian attempt to force the disintegration of Pakistan. The elimination of the Pak armored and air forces would make the Paks defenseless. It would turn West Pakistan into a client state. The possibility exists a number of questions. Can we allow a U.S. ally to go down completely while we participate in a blockade? Can we allow the Indians to scare us off, believing that if U.S. supplies are needed they will not be provided?

15.—Mr. Sisco stated that if the situation were to evolve as Dr. Kissinger had indicated, then, of course, there was a serious risk to the viability of West Pakistan. Mr. Sisco doubted, however, that the Indians had this as their objective. He indicated that Foreign Minister Singh told Ambassador Keating that India had no intention of taking any Pak territory. Mr. Sisco said it must also be kept in mind that Kashmir is really disputed territory.

16.—Mr. Helms then stated that

earlier he had omitted mentioning that Madame Gandhi, when referring to China, expressed the hope that there would be no Chinese intervention in the West.

She said that the Soviets had cautioned her that the Chinese might rattle the sword in Ladakh but that the Soviets have promised to take appropriate counteraction if this should occur. Mr. Helms indicated that there was no Chinese buildup at this time but, nevertheless, even without a buildup they could "make motions and rattle the sword."

17.—Turning then to the question of military support of Pakistan, Dr. Kissinger referred to an expression of interest by King Hussein relative to the provision of F-104s to Pakistan, and asked how we could get Jordan into a holding pattern to allow the President time to consider the issue. Dr. Kissinger also asked whether we should attempt to convey to the Indians and the press that a major attack on West Pakistan would be considered in a very serious light by this country.

18.—Mr. Packard explained that we could not authorize the Jordanians to do anything that the USG could not do. If the USG could not give the 104s to Pakistan, we could not allow Jordan to do so. If a third country had material that the USG did not have, that was one thing, but we could not allow Jordan to transfer the 104s unless we make a finding that the Paks, themselves, were eligible to purchase them from us directly.

19.—Dr. Kissinger suggested that if we had not cut the sale of arms to Pakistan, the current problem would not exist. Mr. Packard agreed.

20.—Dr. Kissinger suggested that perhaps we never really analyzed what the real danger was when we were turning off the arms to Pakistan.

21.—Mr. Packard suggested that another consideration in the Jordan issue is that if Jordan had this equipment we would be expected to replace it. Ambassador Johnson stated we do not have any more MAP left.

22.—Dr. Kissinger states that what we may be witnessing is a situation wherein a country [India] equipped and supported by the Soviets may be turning half of Pakistan into an important state and the other half into a vassal. We must consider what other countries may be thinking of our action.

23.—Mr. Helms asked about our CENTO relationships with Pakistan. Ambassador Johnson stated we had no legal obligations toward Pakistan in the CENTO context. Dr. Kissinger agreed but added that neither did we have legal obligations toward India in 1962 when we formulated the air defense agreement. We must consider what would be the impact of the current situation in the larger complex of world affairs.

24.—Dr. Kissinger said that we must look at the problem in terms of Security Council guarantees in the Middle East and the impact on other areas. We must look at the military supply situation. One could make a case, he argued, that we have done everything two weeks too late in the current situation.

25.—Mr. Packard stated that perhaps the only satisfactory outcome would be for us to stand

fast, with the expectation that the West Paks could hold their own.

26.—Ambassador Johnson said that we must examine the possible effects that additional supplies for Pakistan might have. It could be that eight F-104s might not make any difference once the real war in the West starts. They could be considered only as a token. If, in fact, we were to move in West Pakistan we would be in a new ball game.

27.—Ambassador Johnson said that one possibility would be our reply to Foreign Minister Singh, in which we could acknowledge the Indian pledge that they do not have territorial designs. He also stated we must also consider the fact that the Paks may themselves be trying to take Kashmir.

28.—After discussing various possible commitments to both Pakistan and India, Mr. Packard stated that the overriding consideration is the practical problem of either doing something effective or doing nothing. If you don't win, don't get involved. If we were to attempt something it would have to be with a certainty that it would affect the outcome. Let's not get in if we know we are going to lose. Find some way to stay out.

29.—Mr. Williams suggested that we might now focus efforts for a cease-fire in West Pakistan. Ambassador Johnson stated this might, however, stop the Paks from moving into Kashmir.

30.—Dr. Kissinger asked for an assessment of the Pak capabilities and prospects in Kashmir. He asked CIA to prepare an assessment of the international implications of Mrs. Gandhi's current moves. He indicated that we should develop an initial stand on the military supply question. He reiterated that he desired to keep Hussein in a "holding pattern" relative to the latter's expression of support for Pakistan and that he should not be turned off. The USG should indicate to Hussein that we do not consider trivial his feelings in this matter.

31.—Turning to the question of the blockade, Ambassador Johnson said that both India and Pakistan have taken blockade action, even though the Pak blockade is essentially a paper blockade. Dr. Kissinger said that we should also protest to the Paks. Ambassador Johnson indicated we do not have a legal case to protest the blockade. The belligerent nations have a right to blockade when a state of war exists. We may think it unwise to carry out. We have, in fact, not really expressed our concern. On the other hand, we have no program in protesting the incident of the SS Buckeye State.

32.—Dr. Kissinger said that we are not trying to be even-handed. There can be no doubt what the President wants. The President does not want to be even-handed. The President believes that India is the attacker. We are trying to get across the idea that India has jeopardized relations with the United States. Dr. Kissinger said that we cannot afford to ease India's state of mind. "The Lady" is cold-blooded and tough and will not turn into a Soviet satellite merely because of pique. We should not ease her mind. He invited anyone who objected to this approach to take his case to the President. Ambassador Keating, he suggested, is offering enough reassurance on his own.

33.—Addressing briefly the question of communal strife in East Pakistan, Dr. Kissinger asked whether anyone would be in a position to know that massacres were occurring at the time when they took place. Mr. Helms indicated that we might not know immediately, but we certainly would know after a massacre occurred.

34.—The meeting was adjourned at 12:10.

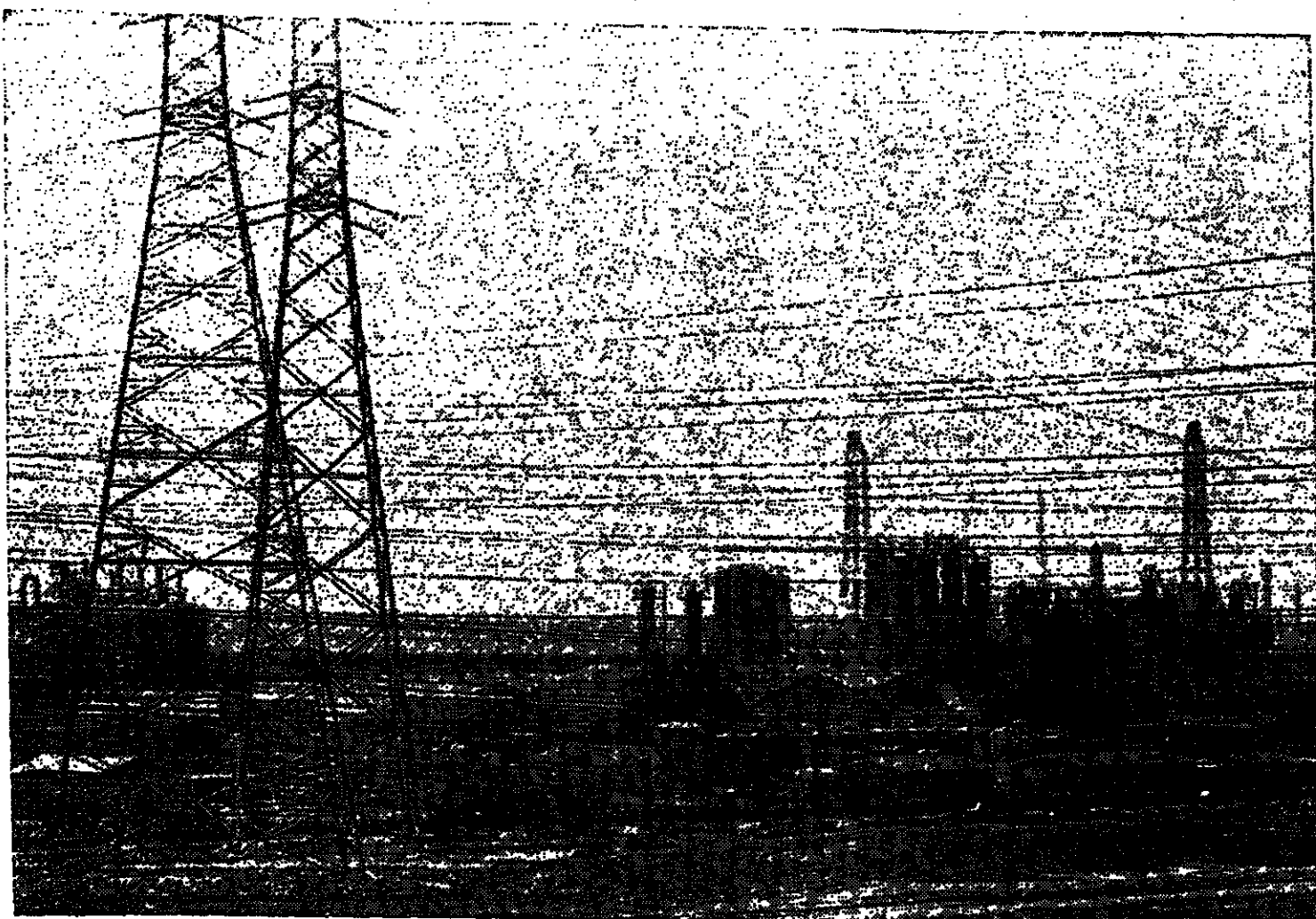
/S/ H.N. Kay

H.N. Kay

Captain, USN

South Asia/MAP Branch, JS

Extension 72400



Photo—A chemical plant in Chiba prefecture, east of Tokyo—by Sam Lee Jones.

Japan and the United States...

By Selig S. Harrison

TOKYO (AP-DJ).—With emotion-charged disputes over textile imports and yen revaluation settled at last, Japan and the United States are moving into a new and more relaxed phase in their troubled economic relationship. The near future, in the view of some, offers unprecedented hope for a gradual moderation of trade and investment disputes.

This is the official U.S. estimate here in the confident aftermath of the Washington monetary agreement. But it is clearly not how Japanese leaders view what has been happening in recent months, and the sanguine American mood contrasts markedly with the climate of tense determination among Japanese economic planners.

In Japanese eyes the textile and revaluation issues were not "settled" equitably, by agreement, but rather by humiliating Japanese retreat in the face of superior American strength. The conclusion drawn in Japan after going through the "Nixon shock" treatment is that the Americans are likely to be less and less dependable as economic partners in future years.

Given present U.S. plans to let overseas investment outflows and military spending abroad continue at high levels, Washington will suffer recurring balance of payments deficits. In this view, inevitably bringing renewed attempts to make Tokyo and other "friends" serve as scapegoats.

Long-Term Strategy

Fearful of an endless cycle of American pressure for ever more trade and investment liberalization, Japanese economic officials

are mapping a long-term strategy designed, as in past years, to stretch out their concessions to the United States over the longest possible period of time.

There are few signs of a readiness to make the single, quick, package settlement envisaged by Treasury Secretary John Connally at the time of the Washington monetary agreement.

Japanese officials contend that the monetary settlement came only after the United States gave up its earlier attempt to exact sweeping trade concessions as part of the bargain for removal of the 10 percent import surcharge. They suggest that Mr. Connally lost his most potent bargaining weapon when he ended the surcharge and questioned whether the U.S. will be able to make good on its threat to defer congressional action on raising the gold price pending desired

Japanese and European concessions.

The new strategy toward the United States being devised here distinguishes sharply between trade and investment liberalization as areas where Japanese interests dictate differing approaches. In the case of trade Japan appears prepared for a gradual relaxation of import restrictions over the years, eventually resulting in the removal of most of the barriers designated as illegal by the General Agreement on Tariffs and Trade (GATT). But U.S. demands for the right to set up wholly-owned or U.S.-controlled subsidiaries of American firms here arouse more determined Japanese resistance.

Trade Imbalance

The bilateral trade imbalance between Japan and the United States has jumped abruptly from \$1.2 billion in Japan's favor in 1970 to nearly \$3.4 billion in 1971. American officials see little chance for a sharp downturn in this figure during 1972, despite the impact of revaluation.

The basic factor determining the size of the imbalance will be whether the Japanese moderate their export thrust, these officials say. They point to recent statements by business leaders that revaluation might prevent expected increases in the \$15 billion level of exports to the United States recorded last year but would not mean a decline.

Tokyo knows that the rapid growth in the trade imbalance requires increasing import liberalization gestures in addition to its promise of a new "orderly marketing" policy restraining exports to the United States.

Japanese experts contend that cost-price differentials will continue to hamper the competitiveness of U.S. imports in the Japanese market, however. They are doubtful whether even the most far-reaching import liberalization would basically alter the imbalance.

This is why the Japanese are gearing for stepped-up pressure for investment access from U.S. firms on the plea that foreign business cannot really compete in the Japanese market without the ability to set up manufacturing operations here and take advantage of the same wage levels available to Japanese companies.

U.S. Threat

Historically, Japan has always resisted efforts by foreign business interests to gain an equity stake in Japanese enterprises, fearing that foreign investment would be a precursor of alien political control. Nationalist antagonism to foreign investment is still deeply rooted today and has been reinforced by the growth in the power of U.S.-controlled multinational corporations in Canada and Europe. If Japan lets down the bars to U.S. business investment, they maintain, going beyond the present acceptance of 50-50 joint ventures in selected industries, Japan, too, will face the danger of becoming a U.S. economic province.

Japanese bureaucrats and business leaders believe that the Nixon administration's recent moves to rescue the U.S. balance of payments have been consciously designed with an eye to protecting the worldwide position of U.S.-based multinational firms as a spearhead of American influence. (Continued on Page 9, Col. 5)

JAPAN

The Economy Enters a New Era

By Fowler W. Martin

TOKYO (AP-DJ).—Japan's economy enters a new era in 1972, one in which many of the goals, policies and practices of the post-war recovery period must be replaced or significantly modified.

Failure to make rapid, measurable progress could result in a return to conditions similar to those prevailing in 1971, a year in which the Japanese economy was shaped more by events than by design.

The Japanese government is in the position of the driver of a racing car designed solely to outdistance and outlast any opposition. Years of continuous competition have resulted in improvements so that the car is almost unbeatable.

Suddenly, the driver is told that he has won so many races he must move up to a new class if he wants to continue to compete on equal terms. This class requires that drivers race cars possessing all the characteristics of a comfortable family sedan as well as high performance.

It isn't possible to order a new car. The old one must somehow be hastily modified before the next race. But are the existing components suitable? Do the mechanics understand the required design? How long will it take the driver to learn the new handling characteristics?

A Consensus

Japan's government and business leaders have arrived at a general consensus of what is necessary in the country's new economic era: the goals of the economy must be predominantly qualitative rather than quantitative.

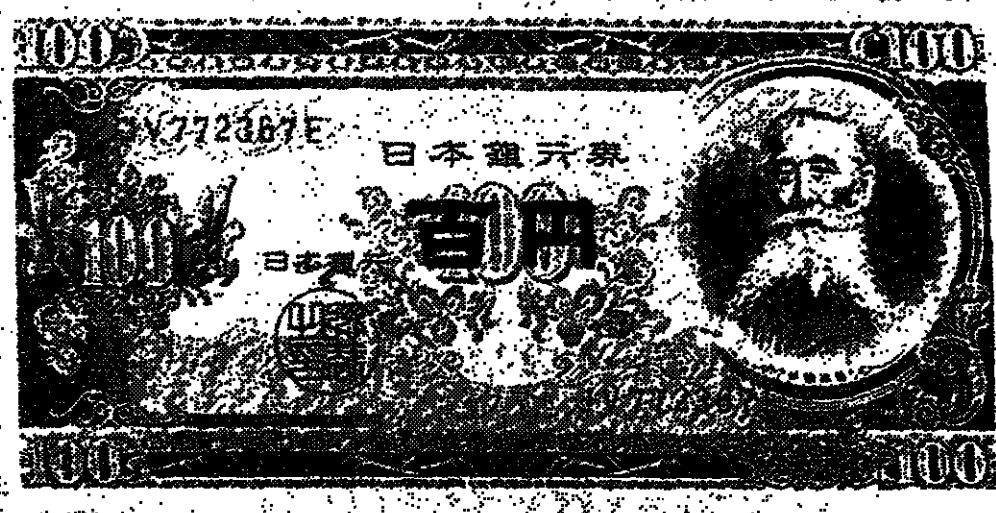
This means, they say, that social welfare improvements must take precedent over straight-line production increases, that government policies aimed at boosting exports in order to accumulate foreign exchange must give way to more balanced trade relationships, and that foreign exchange earnings must be used rather than hoarded.

They see the emphasis in industrial development shifting toward high technology and knowledge-related sectors away from heavy and chemical industries, the growth of which was stressed so heavily in past years. Light manufacturing, particularly in labor intensive fields, is expected to be increasingly shifted overseas.

In short, the Japanese seeks to become what is referred to as a post-industrial society.

Symbolizing this trend, the government's Economic Planning

Government and business leaders have arrived at a general consensus: The goals of the economy must be predominantly qualitative rather than quantitative... social welfare improvements must take precedent...



The Value of the Yen

January, 1972 January, 1971

U.S. Dollar	313.92	359.02
British Pound	800.97	860.67
French Franc	60.29	65.07
Swiss Franc	80.15	83.36
Belgian Franc	6.99	7.23
German Mark	96.29	98.61
Dutch Guilder	96.55	99.93
Italian Lira	52.88	57.64

These quotations, supplied by the Bank of Tokyo, Ltd., in Paris, reflect exchange rates for the yen prevailing earlier this month against those of a year ago.

...And Western Europe

By Ray Vicker

AMSTERDAM (AP-DJ).—The Japanese are looking to Europe as the most fertile field for future overseas investment as trade difficulties mount with the United States.

Some sources estimate that Japan's current total overseas investments of \$3.5 billion may rise to more than \$10 billion over the next five years much of it to be channeled to Europe.

"Expansion of the Common Market should give new impetus to economies of this area," said Kazuo Sonoda, general manager of the Bank of Tokyo's Düsseldorf branch. Then he cautioned: "But Japan must not repeat the mistakes it made when moving into the American market. We must follow an orderly export policy."

His meaning: As the Japanese move overseas, they shouldn't make too many waves in the new markets. That may be a difficult task as more and more Japanese merchandising teams fly into Europe in an economic onslaught. Four prompts are visible in this invasion:

● A push for more exports from Japan to Europe.

● An expansion of Japanese banking and financial services abroad so that Japanese businessmen needn't rely only on foreign banks.

● An acceleration of Japanese direct investments abroad, following a well-trod American route.

● And rising interest in joint ventures with foreign companies, partially to temper criticism of Japanese trade methods.

Another development is just emerging from the uncertainties of the monetary crisis. "Japan is becoming a very interesting market for Europe," Mr. Sonoda said. This suggests additional bargaining leverage for Japan as it negotiates trade concessions with the Common Market. It also suggests stiffer competition for American exporters cycling the Japanese market.

Japanese export to Europe are already gaining ground. In Rotterdam, J. Matsumura, manager of the year-old Osaka Merchandise Center, is enthusiastic about business prospects. So far, 11 firms are using the center to promote their products. His goal is 80 companies.

Japanese auto sales are also

starting to climb in Europe. Last year, for instance, 4,000 Toyotas were sold in Great Britain, up from 1,200 in 1970; the company is aiming for sales of 15,000 this year. Sony radios and television sets, Canon and Asahi Pentax cameras and other Japanese products are becoming as common in Europe as in the United States.

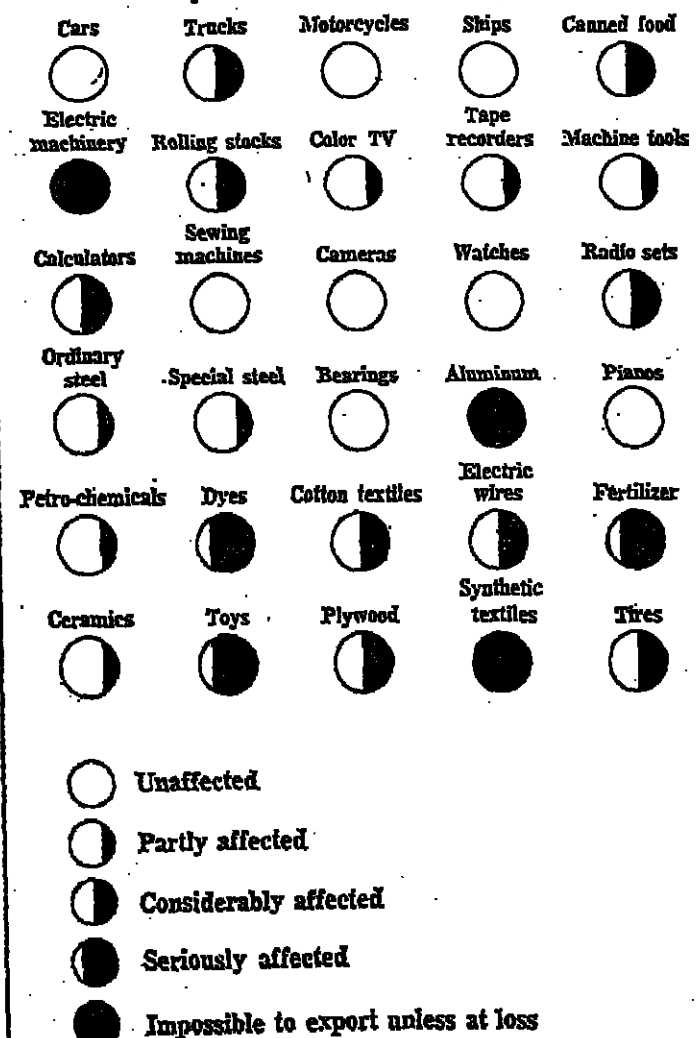
In the first ten months of last year, Japanese sales in Britain rose 48 percent from a year earlier to \$415 million. In the six nations of the Common Mar-

ket, the Japanese sales almost doubled to \$1.2 billion in 1970 from \$633 million two years earlier. The figure for last year is estimated at more than \$1.5 billion.

Japanese companies are learning to circumvent some of the restrictions on trade found in the Common Market. "By establishing a firm in Germany, a Japanese concern can sell throughout the Common Market," said Akira Fujii, assistant manager for the Japanese External

(Continued on Page 9, Col. 1)

How Upvalued Yen Affects Competitiveness of Exports



—From the Japan Times.

The Stock Market Resumes Its Climb

By Sam Lee Jones

TOKYO (AP-DJ).—Confounding the experts, the Tokyo Stock Exchange rebounded rather quickly after the starting economic reforms by President Nixon last August. On Dec. 23, despite the continuing world monetary uncertainty and despite Japan's lingering domestic recession, trading climbed to 548,116,700 shares, the fifth heaviest volume ever recorded, and the Dow Jones average rose to 2,688.71 yen, near its level of the past summer.

"The market has divorced itself from the monetary situation," one stockbroker commented.

Many analysts figured that a speculative bubble was floating around the exchange but, as one observer commented, the bubble seemed to "have an exceptionally thick hide."

Until the Nixon shocker of Aug. 15, the market here had been riding high, with a daily turnover that averaged 186,690,000 shares when calculated through the year's first nine months.

On Aug. 14, the Dow Jones average hit an all-time high of 2,740.08 yen.

The Aug. 15 Nixon announcement sent prices tumbling. By Aug. 24, the DJ average had dropped to 2,162.22 yen, which meant paper losses of about five million yen for investors.

At that point, most observers predicted that the market here wouldn't recover until 1973 from the world monetary crisis and the domestic recession.

But then came the resurgence. Trying to explain it, some pointed to the fact that withdrawals by foreign investors—80 percent of whom are now Europeans, with 20 percent Americans and the rest Asians—totaled only \$300

million, not the massive pullout that had been expected. Foreigners, who were less active in 1971 than in the two preceding years, sold only about \$182 million in the October-December period.

The many market-watchers who are bullish also noted such optimism-inducing factors as easy money, the return of surplus funds to the market, expectations that the Bank of Japan would reduce its discount rate by one-half of 1 percent and a continuing heavy demand for stocks.

The market's "divorce" from the reality of Japan's recession might better be described as only a temporary "estrangement"—because there are bound to be some effects on the exchange when the March 31 end of the current fiscal year is expected to produce drops in corporate earnings, on top of those recorded at the half-year mark last September; and there are bound to be more effects next September, when all but 12 percent of the major Japanese corporations will close their accounts for the first half of fiscal 1972.

Despite those ominous clouds on the horizon, the Osaka-based Japan Securities Research In-

stitute predicted that the 225-stock Dow Jones average would reach a historic high of 3,000 yen between next July and September.

The institute forecast that corporate profits would drop an average of 8 to 7 percent in the coming March, but would show an average 5 percent rise next September.

The institute also predicted that the real Gross National Product growth rate for 1972 would be 9.5 percent.

Unity Goal

The August, 1971, chaos on the market brought about plans to unify the first and second sections of the Tokyo Stock Exchange—a project that long had been talked about, but without anything but "tentative plans" as the result.

Another recent development on the market has been an infusion of unexpected takeover bids by both Japanese companies and foreign concerns.

There were strong rumors that the Showa Line, a leading independent shipowner, was trying to take over the Japan Line, the

rather severe inventory adjustment period that was supposed to be completed by mid-1971, but which has been considerably extended by complicating factors. Those factors included in 1971 a local boycott of color television sets, a sharp slowdown in domestic demand for motor vehicles, a plunge in ship charter rates and the conclusion of a non-cotton textile agreement sharply limiting the growth of Japanese exports to the U.S. In addition, business

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1972, and the Japanese Economy Enters an Era of Sweeping Changes

(Continued from Page 7)
confidence was severely shaken in August by the so-called "Nixon shock." This involved a 10 percent import surcharge on most Japanese exports to the United States and led to the flotation and eventual 16.88 percent yen revaluation Dec. 20.

GNP Outlook

At this time last year, the economic agency and most leading commercial banks predicted that Japan's GNP would grow between 10 and 12 percent in real terms during fiscal 1971 ending March

31 1972. Mitsubishi Bank Ltd. alone took a more pessimistic view, forecasting a growth rate closer to 8 percent.

Several downward revisions later, the government's current official estimate for real GNP growth this fiscal year is 4.3 percent. Even allowing for the loss of one or two percentage points of growth as a result of the "Nixon shock" and upward movement of the yen, the economy's performance has been well below even the most pessimistic initial predictions.

The forecasters, undeterred, have ventured forth again, al-

though without the same feeling of confidence as in the past.

The economy planning agency believes Japan's GNP will grow at a real rate of 7.7 percent in fiscal 1972 (7.2 percent if Okinawa, which reverts to Japan May 15, isn't included). The fiscal year begins April 1.

(Other widely published estimates range from a low of 5.4 percent to a high of 9.2 percent. Full Bank Ltd. estimates 6.5 percent and Mitsubishi, last year's maverick, has switched from relative pessimism to a position more optimistic than the government.

Mitsubishi Bank sees an economic growth rate of 8 percent in fiscal 1972.

Both the government and most commercial banks forecast that domestic business will remain sluggish for another six to nine months, with a recovery of measurable proportions not getting under way until autumn.

The government sees the recovery characterized by a gradual improvement in inventory investment, beginning in late spring, followed by strong gains in both private housing expenditures and consumer spending later in the year.

To help the recovery along, Premier Eisaku Sato's cabinet has approved an expansionary budget providing for large-scale deficit spending.

The budget, which must still be approved by parliament, specifies a 31.8 percent gain in general account spending and a 31.6 percent increase in the government's loan and investment program for public works projects. A make-up for an expected shortfall in revenue to finance general account spending, the cabinet has authorized government bond issues totaling 1,950,000 million yen (\$6.3 billion) in fiscal 1972, a huge increase from the 430,000 million yen of bond issues during the current fiscal year.

The government also sees a 2.7 percent gain in private-sector plant and equipment investment in fiscal 1972 compared with a decline of 1.2 percent in fiscal 1971 from the previous year.

All of the 1972 gain will come from a sharp increase in capital spending by Japan's non-manufacturing sector, more than offsetting continued decline in such activity by manufacturing companies, the economic planning agency said.

Mitsubishi Bank is more optimistic than the government in this area. By the second half of the coming fiscal year, plant and equipment investment should be growing at a rate of 6 percent, the bank said. Although this would still be far below the 20 percent of gain experienced in recent years, Mitsubishi warned that a pronounced business upturn could incite another wave of capital expenditures only to bring on another readjustment blacklash.

The Industries

Chemical and heavy industries are expected to feel recessionary effects for the longest period of time. The steel, petrochemical, industrial, chemical and non-ferrous metal sectors have large-scale over-capacity that won't be alleviated in the near future.

The auto industry must count on a continued sharp expansion of exports for growth as domestic consumers, soon to be burdened with an additional auto ownership tax, aren't expected to increase car purchases significantly in 1972.

Heavy machinery producers, with the exception of pollution-control equipment makers, don't see an upturn in their business until manufacturing-sector capital spending improves. Heavy electrical companies are worried about a loss of competitiveness in overseas markets as a result of the yen revaluation and the shipbuilding industry is forecast-

ing an end of the boom conditions of the past five or six years.

The textile industry, a recipient of large-scale government aid to compensate for the U.S. import quota pact, is groping for new directions in the face of a synthetic fiber production glut and a loss of competitiveness in garment manufacturing to the low-wage countries of Southeast Asia.

Light electricals present a mixed picture with clock-top calculator makers swamped by over-production and falling prices. But companies primarily involved in color television, such as Sony Corp. and Matsushita Electric Industrial Co., are experiencing good results.

Construction, dressing, civil engineering, road building, housing and related industries are riding a boom brought about by big increases in government spending.

At Keidanren, Japan's big business federation, an official sees the current recession and the government's desire to restructure the country's economy as bringing about a new round of industrial rationalization.

It isn't completely clear how this will proceed, he said, but he forecast that trading companies and banks, particularly those connected with the big Zaibatsu groups such as Daiichi, Tokai and Sanwa, will be instrumental in arranging mergers, sales of certain production facilities and new groupings among the firms under their influence in the coming year or so.

Emphasis will shift to more sophisticated marketing techniques and to projects integrated with environmental preservation. New investment will be evaluated on the basis of how much high technology is involved rather than on how much of a production increase the new facilities will bring about, the Keidanren official explained.

Expenditures

Many firms will take advantage of the current recession to pare off operations of marginal profitability, becoming more specialized in the process, he predicted. Others, such as textile producers, will probably initiate diversification programs, he added.

In theory, this will result in less emphasis on exporting and greater emphasis on improving the living conditions of the Japanese public, but there is considerable skepticism about the likelihood of achieving this result.

First, a changeover to high-technology industries such as computers, ocean development,

nuclear power and aerospace requires large outlays and often involves long delays until cash flow mounts.

With profit in most Japanese industries expected to decline for the third consecutive six-month term this March, corporate will- ingness to spend large amounts of money in new, high-risk areas is low.

Though the Bank of Japan has successively cut its discount rate to a postwar low of 4.75 percent and the Finance Ministry has accelerated government outlays to pump money into the economy, the only result so far of all this liquidity is a stock market rally to record levels as banks and other financial institutions seek something to do with the funds. Manufacturing companies don't want them in the form of loans at present.

Another factor mitigating against a de-emphasis of exports is the operating practices of Japanese companies. With an average debt-equity ratio of 4 to 1, with the so-called lifetime employment system and with many companies placed on a fixed salary scale, they are in a position to increase market shares, nearly all Japanese companies have very high ratios of fixed costs to variable ones. Thus, in times such as this when there is a domestic recession, they seek to increase exports rather than cut production.

Export Picture

This is one reason why export letters of credit opened in December were a record despite the yen revaluation and one reason why many people fear Japan will continue to run an embarrassingly large balance-of-payments surplus for a good many months to come.

The Economic Planning Agency forecasts that Japan's exports (free on board) will total \$28.5 billion in fiscal 1972, up 8.4 percent from a year earlier. Imports (including cost, insurance and freight) are expected to reach \$29.5 billion, a gain of 15 percent.

This would leave a fiscal 1972 customs clearance trade surplus of \$2.9 billion, down from a surplus of \$3.9 billion this year.

The agency also sees an increased outflow of long-term capital and predicts that Japan's basic balance of payments, which includes everything but short-term capital and errors and omissions, will run a surplus of \$3.7 billion in fiscal 1972 compared with an expected surplus of \$4 billion this year. The agency didn't release a forecast for overall balance of payments.

Mitsubishi Bank, expecting a 10 percent growth rate next year, also sees a bigger payments surplus than the government and predicts that as a result international demand for another revaluation of the yen will mount in a few years. Other Japanese institutions have recently predicted a second revaluation in 1973 or 1974.

Even the government seems less willing to deny the possibility of revaluation than in the past. Senior government officials have recently been quoted as saying that the future value of the yen probably depends as much as on external events, such as U.S. balance-of-payments trends and the course of inflation in major industrial countries, as it does on the situation inside Japan. Prior to the recent monetary crisis, the government maintained that revaluation was a matter "solely for Japan to decide."

'Standard-Bearer'

Officially, the government believes that trade liberalization and an increase in capital flowing out of Japan will reduce the balance-of-payments surplus to a level acceptable by international standards.

Japan should be "the standard-bearer of trade liberalization," Prime Minister Sato told a cabinet meeting the day after revaluation.

Few people take him seriously, however. Beset with a basic insecurity about overdependence on imported raw materials, and nurtured on 25 years of protectionism, Japanese trade concessions tend to be small in substance. That they usually take away with one hand what they give with another has been a common complaint.

Political considerations play a large role in this area, too. Mr. Sato's fourth term as leader of the ruling Liberal Democratic Party expires in the autumn, and some people believe he may step down earlier, after Okinawa reverts.

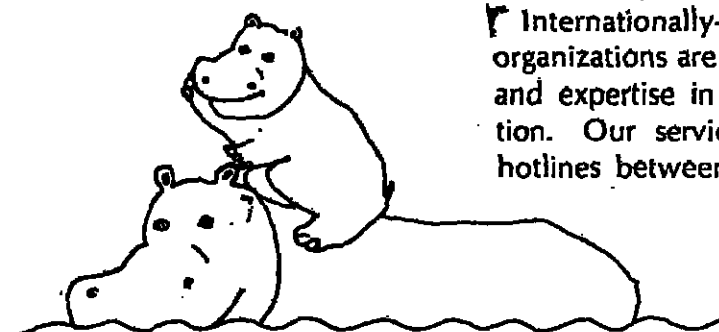
His successor is expected to call a general election for the lower house of parliament. Much of the LDP's voter strength comes from rural areas where farmers are fighting any liberalization of food import barriers, and most of the party's financial strength comes from big business, which isn't anxious to have the domestic market opened any more than absolutely necessary to imports of manufacturing goods.

Thus 1972 doesn't look like a year in which the liberalization "standard-bearer" will make much of an advance.

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Increasing Boldness in Venturing Abroad

TOKYO (JHT).—From the depths of a diamond mine in Sierra Leone to the heights of new hotels in Kathmandu in the Himalayas, Japanese are participating in joint business ventures with local people.

Japanese invested \$911 million abroad last year, bringing their total since 1951 to \$3.6 billion, according to the Finance Ministry. It expects Japanese investments in foreign lands to reach the \$2 billion level in 1975 and climb to \$3.5 billion by 1980 after that.

The rate has climbed recently and will climb more, the ministry says, because in September, 1970, the government lifted the requirement that any investment abroad totaling more than \$300,000 needed government approval. Now, approval is automatic for sums up to \$1 million.

The investments will help the government hold down the level

of foreign exchange held here, the ministry says.

And it is encouraging Japanese to invest abroad to insure long-term contracts for the import of materials needed in this land where natural resources are scarce. For instance, Japanese have invested huge amounts in Canada, like a \$60 million stake in a coal-mining operation there. And in Australia Japanese have shares ranging from 20 to 45 percent in multi-national ventures in coal and iron ore. Japanese investment in Australia is put at the billion-dollar level.

In the number of Japanese investments, Southeast Asia ranks first, North America second, Latin America third and Europe fourth.

However, in terms of the value of Japanese investments, North America is first with \$912 million, Southeast Asia next with \$780 million and Europe third with \$637 million.

Japanese have increased their foreign ventures in spite of a survey which showed that of 123 firms questioned last year, 91 said they lost money while 14 said they were making considerable profits. It reported slight profits and four said they were breaking even.

Some examples of Japanese investments:

Europe—Toray Industries is negotiating to help Poland construct a \$120 million nylon plant and the Mitsubishi group is being asked to handle \$140 million in construction of Polish shipbuilding and repair-dock facilities. Nissan Motor is negotiating to build an auto plant in Hungary. The Bank of Tokyo reportedly has joined "Czechoslovakia" the "switch-house bank" in Europe for East-West trade.

Mideast—Toshiba has a 40 percent investment in a 300 million yen facility for manufacturing

household appliances in Iran. In the same country, a Japanese trading company is putting up more than 50 percent of the \$3 million cost of a model rice-growing development around Gilan.

Africa—Five Japanese mining firms have joined local interests in a \$180 million venture in the Mambou copper belt in the Congo. Japanese supplied most of the finances for a \$3.5 million cotton-spinning mill in Nigeria. Interests here participated in a million-dollar Ethiopian facility for processing meat and other foods.

Latin America—Japanese manufacturers have 70 Brazilian firms, valued at about \$50 million and engaged in activities ranging from heavy equipment making to fishing, to textiles, electronics and construction. São Paulo even has a new Japanese in Brazil—at least 600,000—than in any other foreign country.

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A Brief Profile

POPULATION: 104,650,000 (1970), a growth of 6.35 million since 1965, when there had been 48.3 million males and 50 million females.

LABOR FORCE: 51 million (1969), with 13.5 million in manufacturing, 11.33 million in commerce and finance, 9 million in agriculture and forestry, 7.22 million in services including the professions, 3.71 million in construction, 3.38 million in transport and other utilities, 1.56 million in government work, 470,000 in fishing and 240,000 in mining. Unions had 10.4 million members (1966) and unemployment was seven-tenths of 1 percent (1968).

AREA AND LAND USE: 369,662 square kilometers, or 142,726.5 square miles (California has 158,693 square miles, Montana 147,138). Sixty of the 560 cities (in 1965) had populations of 200,000 or more, with Tokyo, Osaka, Nagoya, Yokohama, Kyoto, Kobe and Kitakyushu the largest, in that order (1965). There were also 1,998 towns and 819 villages (1965). Of the land, 5.4 million hectares, or 16 percent, was



arable and a farm population of 8.99 million (1969) produced rice on 3.3 million hectares and field crops on 2.01 million hectares. The farm population had been 37.8 million in 1950. Forests and grassland cover about 61 million acres, 67 percent of the total land area.

DENSITY: 265.9 persons per

square kilometer (1965). Japan's population of more than 100 million lives on a land mass smaller than that of the 19 million Californians and smaller than that of the estimated 725,000 Montanans.

GOVERNMENT: The emperor is a symbol of the people's unity. He has no powers related to government, in which a cabinet, headed by a premier, administers laws enacted by the Diet, a bicameral legislature. The principal chamber, the House of Representatives, which controls the budget and approves treaties, has 486 members. Its makeup after the 1969 election consisted of 300 Liberal Democrats, 90 Socialists, 32 Democratic Socialists, 47 in the Komeito political organization, 14 Communists and 3 independents. The other chamber is the House of Councillors, with 250 members—100 elected at large and 150 from the 46 prefectural districts covering Japan.

Year in parentheses indicates year of the latest available data.

Japan and the U.S.

(Continued from Page 7)

fluence. By keeping overseas investment outflows at high levels, they charge, the United States imposes a continuing strain on its balance of payments at the same time that Japanese and other foreign businessmen are being asked to curb their own foreign operations.

A recent study released by the International Trade Ministry pointed to the impact of the annual capital outflow of \$3 billion or more resulting from U.S. overseas business investment in the United States had controlled overseas investment by these firms in the same way Japan curbs its own firms, the study said, channeling capital outlays into the domestic economy, this would have increased U.S. exports by \$12.3 billion and slashed imports by \$5 billion, yielding a favorable balance of \$17.3 billion annually.

In addition to its anxieties over possible political penetration, Japan also resists foreign control of enterprises here as a threat to comfortable patterns of government-business cooperation and distinctively Japanese modes of interaction within the business world itself.

'Japan Inc.'

Profit and dividend-oriented American firms insensitive to Japanese mores would disrupt the smoothly-operating mechanism of "Japan, Inc.," it is argued. Foreign enterprises can be absorbed here safely, Japan feels, only if they permit at least a 50-50 Japanese share in management and respond to government "administrative guidance" just as Japanese firms would.

Since the Japanese economy is mushrooming, the absolute level of foreign capital can continue to rise without undermining the basic Japanese goal of keeping the market share held by foreign interests in each industry low enough to provide assurance of Japanese control.

Thus cumulative U.S. investment has reached \$1.5 billion, including reinvested earnings, and the number of approved joint ventures has increased from 169 in 1967 to 477 in 1970 and 540 today. But in all save a few exceptional cases, the government has not relaxed its insistence on a

maximum of 50 percent control by the U.S. partner and normally keeps the level well below this, as evidenced in Chrysler's 35 percent share in its venture with Mitsubishi Motors.

The Japanese government keeps joint ventures under its control through two principal techniques. One is the manipulation of market share by industry associations. Foreign firms cannot be members, and the very charter of these associations looks to policing of the industry on the basis of "past performance," which inherently rules out new joint ventures. Industry associations control distribution channels. The Japanese partner is normally guided by the rules of the club rather than by profit-oriented market evaluations.

Another important weapon wielded by the government in the enforcement of club discipline is the import quota system, giving officials a grip on the import of the components and equipment needed by joint ventures.

GNW vs. GNP

While the investment clash is shaping up as the most sensitive long-term issue, trade arguments appear likely to dominate the immediate economic dialogue between Tokyo and Washington.

The United States makes no secret of its hope that Japan will devote more of its resources to improving the quality of its domestic life and correspondingly slow up its export drive. This is also the hope of Japanese consumer leaders, who point to the abnormally high prices maintained in some domestic product lines to help keep export prices down.

A growing chorus of political and opinion leaders here is calling for more attention to "gross national welfare" in place of the past national emphasis on gross national product. While ranking third after the United States and the U.S.S.R. in GNP, they complain, Japan lags far behind in sewers, housing, roads, parks and other general welfare spending.

Government leaders echo this criticism and talk of a shift away from the "production cult" of the past, but so far they have been slow to make radical changes in economic policy.

The Japanese Look Toward Europe

(Continued from Page 7)

Trade Organization in Disseldorf

Düsseldorf has become a little Tokyo as Japanese firms set up shop in the area. About 120 Japanese companies have offices or subsidiaries in the city.

"We have 1,750 Japanese working in this city," said A. Ariwaka, manager of the Japanese Chamber of Industry and Commerce in Düsseldorf. "It's Japan's biggest colony in Europe." A school for 250 Japanese children is being established, with teachers to be dispatched by the Tokyo government. At a Japanese club, businessmen can swim and play handball or ping-pong—or trade ideas about trade. And there's the Nippon Kan restaurant, its rock garden is fake, but its Japanese cuisine is among the most authentic outside Japan.

Only a Part

But trade is only part of the Japanese onslaught. Over the past year or so, the Tokyo government has begun to relax its stiff controls on the export of capital. Now, with new currency parities established, the capital-export trend is moving rapidly. Last December the first overseas yen loan to a private borrower was made to Transocean Gulf Oil Co., a subsidiary of Gulf Oil Corp., Pittsburgh. The loan of \$1 billion yen was handled

by a syndicate of Japanese banks.

Already, Japanese banks and securities houses are establishing branches or consortium banks overseas and lining up correspondents. Their aim is not only to arrange facilities for pushing money outward to international corporations, to the New York stock market and to European markets but also to establish the financing network that will be required for expansion of Japanese direct investments abroad.

Three Banks

Three banks with Japanese capital are operating in Europe, each backed by associations of Japanese banks. Two are in London—Associated Japanese Bank (International) and Japan International Bank—both are less than a year old. Banque Européenne de Tokyo was formed in 1968 in Paris.

Some idea of the way banks are laying the financial groundwork for broader activity in Europe is indicated by a visit to the headquarters of Associated Japanese Bank, across a broad square from the Bank of England.

Gengo Sumiki, the chairman and onetime executive director of the International Monetary Fund, said that since opening last January, the bank has participated in loans in 30 countries

and in syndicates involving the financing of \$2.6 billion. Ninety percent of the bank's loan activity has involved non-Japanese companies. "We are building the contacts," he says. "When Japanese companies develop the overseas projects that need financing, we'll be ready to serve them."

Mr. Sumiki reports that already many Japanese firms have completed the preliminary work necessary for investing abroad—studies of the market, of transportation, of possible partners and of labor conditions.

"The U.S. has been very successful with its policy of establishing factories abroad," he said. "We can benefit from that route, too."

Take-Overs

The first major "take-overs" of European firms by Japanese companies are expected "within the next year," another Japanese financing authority said in London. He indicated, however, that such "take-overs" will come, not through proxy fights, but through cooperation with management, which probably will lead to joint ventures.

Ready to take part in the trend is Nomura Securities Co., the largest of Japan's big four securities houses. Only a small part of its \$115 million annual volume

is done overseas now, but it is expanding vigorously. The firm now has eight overseas offices, including three in the United States. This year it intends to open offices in Paris, another elsewhere in Europe, one in Canada, several more in the United States, one in Australia and one in Singapore.

English Campaign

Nomura is in the consortium that established the Associated Japanese Bank, and it expects to start underwriting foreign corporate bond issues in Tokyo "in the near future," officials said. In the meantime, a campaign is under way to react everyone in the company to speak English, which officials call the international language of finance.

Heretofore, Japanese foreign investments have been largely concentrated in raw materials. Japan being the world's largest importer of such materials. Now, in a small way, direct investments in industry have begun. In Britain, for instance, Tōhoku Electrical Industries Ltd. and Omron Tateishi Electronics have formed a joint company to make automatic fare-collection equipment. And several Japanese companies are moving into Italy, taking advantage of tax concessions given by the Rome government for firms locating in Southern Italy.

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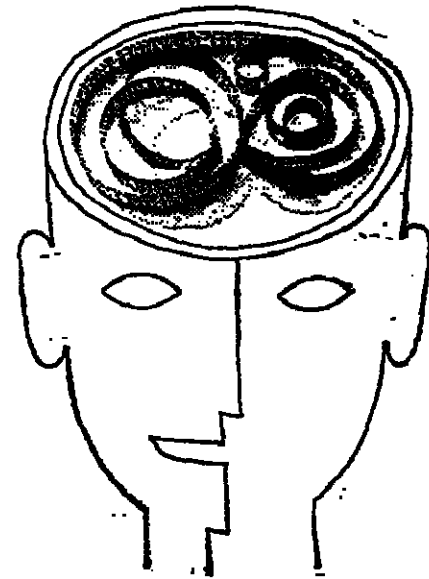
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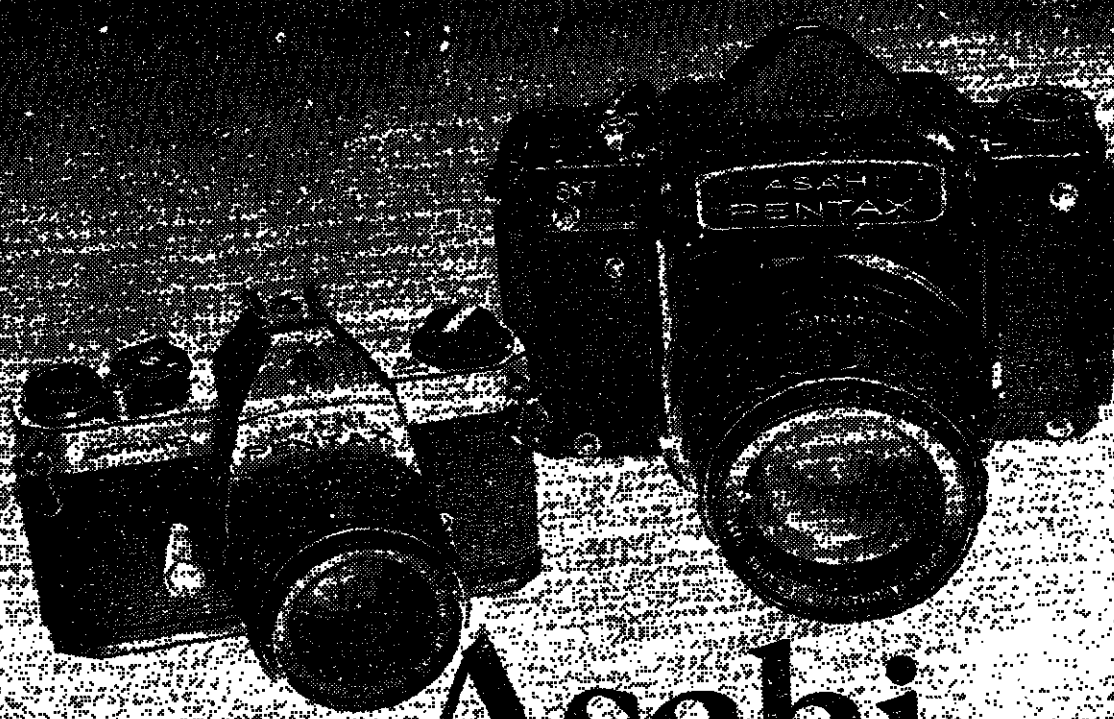
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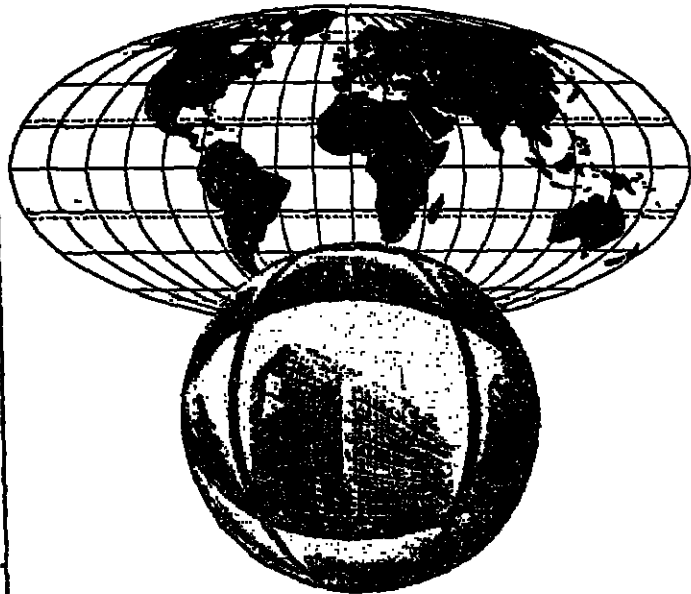
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Preliminary statistics from the Ministry of Health and Welfare

without going to Tokyo

Audio Guide

Hi-Fidelity Into New Era

Special
Advertising Report
by
Audio-Service

TOKYO—There is no question in anybody's mind around these parts today that the topic of the day in the world of stereo is "4-channel." If there is any feeling of doubt on the matter, all one has to do is to tune in the TV set and watch the commercials go by. Every audio maker in the country is playing up the virtues of 4-channel sound.

The trend came into bright focus last October 20 when the Japan Audio Fair was held in Tokyo. More than 60,000 eager spectators crowded the fair site from morning to night, coming from all parts of the world to find out what the Japanese audio makers have up their sleeves.

The audio event was the 20th to be held annually. More than 60 firms participated, introducing their latest products and the results of research projects. And the most outstanding

feature of the show has been the dominating emergence of 4-channel sound for stereo.

The enthusiasm for 4-channel sound at present has reached a state which is reminiscent of the situation at the time when basic stereo first came into existence. Audio fans and makers alike have indeed reached a new high in zeal in their search for ever better sound, and 4-channel seems to be the answer to their desire.

At the fair and subsequently, various 4-channel systems have been put on the market for the public. In addition, recording tapes, players, amplifiers and speakers have come into being one after another, all suited to 4-channel sound purposes.

A noteworthy development has been the appearance of new models of tape recorders, designed for the new, high per-

formance tapes. In particular, recorders for cassette tapes have drawn wide attention. They come in all sizes and shapes, from midget models for recording to high-class models for use in a stereo deck.

In recent days, progress has been seen in the development of tapes enabling cassettes to be used for hi-fi sound.

Undoubtedly, the renewed interest in stereo aroused by the 4-channel trend has been a contributing factor in maintaining high public interest. Amid this scene, however, 2-channel stereo has not been idle, making up by improving quality what it lacks in novelty.

For audio fans, 4-channel stereo has opened up an entirely new horizon, offering infinite possibilities. The general public has definitely become involved through publicity on TV and in printed media, and this fact has been reflected in sales.

In addition to audio trade journals, newspapers in general are publishing frequent special pages devoted to audio news, centered on 4-channel development. Meanwhile, 4-channel records have become common articles for sale, covering the classics, jazz and popular music fields.

Some of the popular 4-channel equipment which has been introduced includes:

Open-reel tape deck as component for 4-channel system. Stereo models which can be converted to 4-channel, making them usable either as 2-channel or 4-channel equipment.

Four-channel model which can convert any 2-channel music to 4-channel sound.

Four-channel demodulator with matrix system. Four-source, 2-signal, 4-channel matrix system, etc.

To a lot of stereo fans around the world, the mere mention of 4-channel stereo and Sansui Electric are matter of course. Most of them heard of both at the same time.

Sansui Electric is one of many post-war electronic and audio equipment specialists to emerge around the world. In fact, in Japan, it is the oldest audio-only maker in a country that boasts a huge and diversified electronics industry. It is the company that introduced the first stereo integrated amplifier manufactured in Japan.

While many electronic companies in Japan make a wide and diversified line of equipment, Sansui is unique in that it has consistently made only audio—and high fidelity audio at that—products.

Initially a maker of receivers, integrated amplifiers and power amplifiers, the company gradually expanded its line over the past decade to include speaker systems, turntables, stereo headphones, and various tape components from open reel to cassette tape decks.

When the shift from monophonic to stereo sound was made more than a decade ago,



Assembly line of stereo receivers.

Sansui was a leading force behind it. It was a driving force behind the conversion from tube-type components to those powered by transistors, and eventually by Field Effect Transistors (FET) and integrated circuits (IC).

With the introduction of the age of 4-channel sound about a year and a half ago, Sansui was again a leading force behind it, with its twofold introduction

of the Sansui QS system at both the recording and the receiving ends of the 4-channel picture.

Sansui not only made the QS encoder for use in broadcasting and recording studios, but also made the QS Synthesizer/Decoder or decoding matrix for use in home stereo systems.

This system enabled recording engineers to encode 4-channel information onto regular 2-channel stereo discs for future decoding in the reproduction system in the home.

As a stereo maker, Sansui incorporated its QS system into various 4-channel products. The company now offers 4-channel receivers with which to build a 4-channel system from scratch, 4-channel add-on amplifiers that are capable of converting existing 2-channel systems into 4-channel status, and other types of 4-channel products for more specialized usage.

Headquarters for the company are in Tokyo, but wholly-owned subsidiary companies have been

established in Europe and in the U.S.A. Located in Antwerp and New York respectively, these companies give Sansui a closer relationship with local distributors and dealers, and also enable it to make its complete line of products, parts and service available on very short notice.

Unlike most other matrix type of 4-channel system makers which offer a phase shift circuit to the basic 4-channel matrix system, Sansui offers its exclusive phase modulation circuit.

This enables prospective users to utilize smaller and, consequently, more economical speaker systems for the rear channels.

Since it has always been known as a maker of quality stereo equipment and since its line of 4-channel equipment is complete as the world enters a new age of stereo listening, Sansui's position in the foreseeable future is secure and one ripe with potential.

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Dierckx Building, Vestfagstraat 53-55,
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SANSUI AUDIO EUROPE S.A.
Frankfurt Office: Renterweg 93,
6 Frankfurt/Main, W. Germany.
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14-1, 2-chome, Izumi-Suginami-ku,
Tokyo 168, Japan.

Sansui

A Triumph In Magnetic Tape Technology

The Tape That Turned The Cassette Into A High-Fidelity Medium

TDK Gamma Ferric "Super Dynamic"—SD—Cassette Tape has come to be known as "the tape that turned the cassette into a high-fidelity medium."

When the cassette recorder was first introduced, it was considered little more than a novelty or toy. The slow tape speed used as a standard (1 7/8 inches per second) and the narrow track width made it difficult to record with any sort of quality. Tape hiss was unacceptably high for good music reproduction and frequencies above 6,000 or 7,000 Hz were almost impossible to record at usable levels. Today's high-fidelity stereo cassette decks rival yesterday's reel-to-reel recorders, only because of TDK's "Super Dynamic"—SD—tape.

Gamma Ferric Oxide

Of the many factors that contributed to this achievement, none is more dramatic than the change in tape magnetic recording material. The coating on all recording tapes consists of minute particles of gamma ferric oxide. In its proprietary gamma ferric (SD) oxide, TDK has succeeded in reducing the average length of these particles to only 4/10 the average length of those on standard tapes—only 0.4 micron. In addition, the shape of gamma ferric oxide particles is better; the width-to-length ratio has been improved.

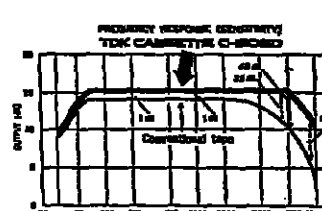
Extended Frequency Range

The higher the frequency of any sound, the shorter will be its wavelength on a section of recorded tape. The oxide particles must be much shorter than the wavelength to be recorded, for the process to be achieved properly. Thus standard oxide particles are too large and coarse for recording the upper frequency registers. TDK "Super Dynamic" SD Cassettes, on the other hand, have the capability of recording from 30 to 20,000 Hz, more than enough to get the highest pos-

sible performance from cassette recorders. With properly adjusted bias, SD tape is flat to 10,000 Hz, whereas conventional tapes begin to drop off at about 5,000 Hz. But even with so-called standard bias, SD tape helps compensate for the high-frequency deficiencies of older or inexpensive recorders. In a typical case, they will provide 5 to 10 dB greater output for frequencies above 10,000 Hz.

Denser, More Uniform Coating, Finer Polish

The finer particles of gamma ferric (SD) oxide are packed



into the tape coating more densely and uniformly than can be done with coarser granules. This higher resolution not only contributes to the better fre-

quency response, but also reduces noise. Adverse poling then produces a mirror-smooth oxide surface, which contributes to the noise reducing property and additionally minimizes recorder head wear.

Higher Output Level;

Lower Noise

The higher efficiency of gamma ferric (SD) oxide means that, for the same input level of the signal being recorded, a higher level is actually captured on tape, by several decibels. This higher level, combined with the lower noise level, means a vastly better signal-to-noise ratio in playback.

Lower Distortion; Cleaner Sound

If you feed the same input level of signal to two identical recorders, one recording on a TDK SD Cassette and the other on a conventional cassette, the SD Cassette will not only play back with a higher output, but it will have noticeably less distortion. Furthermore, this advantage increases as input level rises, becoming greatest at the highest levels—the most heavily modulated musical passages—where it is most needed.

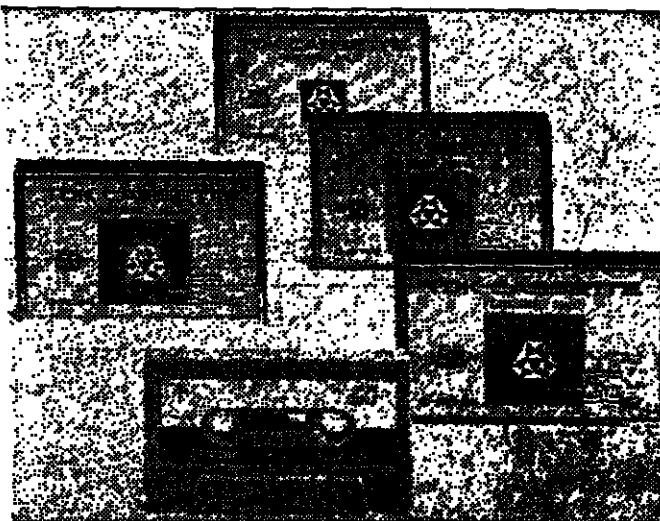
Greater Dynamic Range

On the one hand, as already noted, higher levels (louder

sounds) can be recorded on SD tape with reduced distortion. On the other hand, thanks to the lower noise, lower-level sounds can be recorded without being lost in tape hiss. That means the full dynamic range of music can be captured. This range is the total difference between the loudest and softest sounds that occur in music. When the dynamic range of the recording medium is inadequate, the music must be artificially "compressed," by constant juggling of the volume or level control or other means, or the loudest passages will distort heavily. This is not necessary with SD tape.

Computer-Grade Lubrication and Oxide Binder

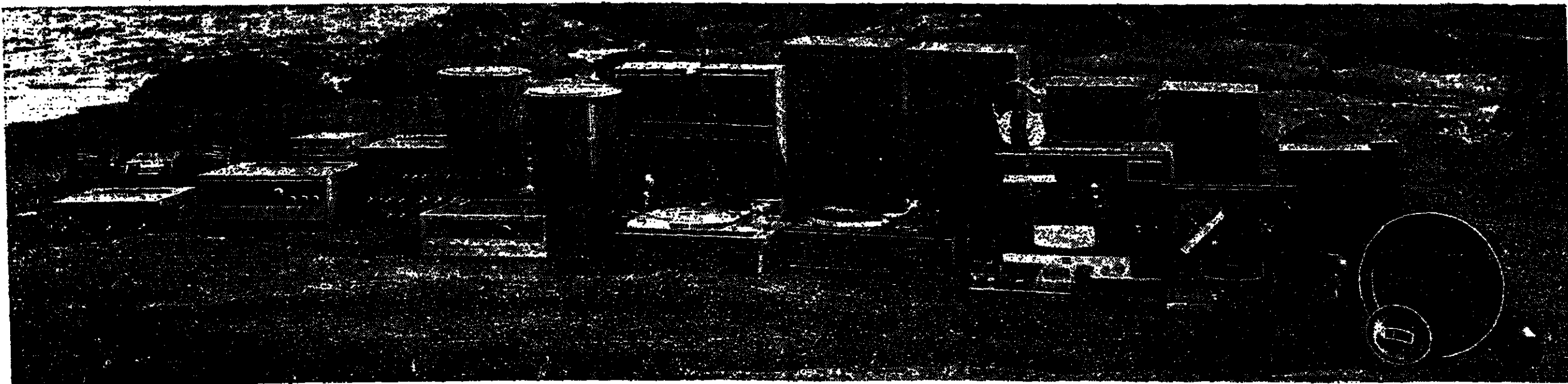
All TDK cassettes contain a special lubricant to prevent jamming and sticking. And the binder for the oxide coating is formulated of special resins that contribute to superior performance in many ways. The binder minimizes static charges, which promotes a quiet, noise-free background. It also reduces cross-modulation, which results in "dropouts" of recorded sounds at some spots on the tape. (TDK is a leading manufacturer of tape for computer applications, in which a dropout can result in costly data errors.) TDK offers "Super Dynamic" Cassettes, "Low Noise" Cassettes, "Super Dynamic" reel-to-reel recording tape, and "Low Noise" reel-to-reel recording tape.



Tokyo, Japan.
TDK Electronics Co., Ltd.
World's leader in tape technology.

TDK

TOTAL INVOLVEMENT



Pioneer's audiobiography dates back to 1938. We began then. As Japan's first maker of electromagnetic hi-fi speakers. Today, our trademark is on all kinds of audio equipment. Only audio. Sure, we could diversify. That's the trend today. But we're perfectly happy doing our thing, and doing it best. So instead of making more than audio, we make more audio. Quality audio. Why not get involved with Pioneer too? Play Pygmalion and create your own audio system. We guarantee you won't be the only one to fall in love with your Pioneer set. Total sound, total enjoyment.

PIONEER

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U.S. PIONEER ELECTRONICS CORPORATION
178 Commerce Road, Carlstadt, New Jersey 07072, U.S.A.

PIONEER ELECTRONIC CORPORATION
15-5, 4-chome, Ohmorin-Nishi, Ohta-ku, Tokyo 143, Japan



Cameras: The Going Begins to Get Tougher

By Sam Lee Jones

TOKYO (HTT)—Japan's camera-making, which has gained a large hold on world markets, has problems—near-saturation of the domestic market, more competition from abroad in the low and medium-price fields, well established foreign rivals in the high-price field and rising labor costs.

A sizable part of the industry is broadening its horizon, getting into the field of small, electronic calculators. Others in the industry are cutting back on their low-price and medium-price products and concentrating on the high-price lines.

In the almost glutted home market, it is estimated that nearly 70 percent of Japanese households already own at least one camera. The unsold inventory in the hands of manufacturers and dealers in this country is put at nearly two million cameras.

To move some of that inventory, the industry is resorting to promotion "stunts," like offering the chance of a free trip to Hong Kong or Macao when a camera is sold.

But it has to be a Japanese camera, of course—not one of the imports from Hong Kong or Singapore. And, in the future, not one of the expected imports from China or the Soviet Union.

Products from those two coun-

tries are expected to damage Japan's already injured position in the low and medium-price fields. China's Sea Gull and Russia's Zenit, both single-lens reflex cameras that are reportedly fine mechanically, are considered major threats to Japanese products. The Sea Gull is expected to retail at between \$900 and \$950 yen here, depending on the model, and the Zenit will probably go for about 15,000 yen.

Other Invaders

Already present in the low and medium-price fields are the invaders from Hong Kong and Singapore, plus America's Kodak Instamatics and Polaroids.

And, in the high-price range, there is strong competition from such foreigners as Germany's Leica, Zeiss Ikon, Rollei and Linhof. Increasingly affluent Japanese consumers are giving a big play to a Rollei that costs 195,000 yen, a Leica at 395,000 yen and even the 495,000-yen Zeiss Ikon Contax SE.

But because the unsold inventory of cameras here is predominantly in the low and medium-price fields, and because the quality single-lens reflex cameras grew in exports by 26 percent while domestic sales of all cameras were dropping 22.3 percent in the first six months of 1971, Japan's manufacturers are turning increasingly to the higher-price lines.

The industry cut back production by 15 percent, with the retrenchment focused on the lower-price models.

With emphasis on the costlier cameras, most Japanese raised their FOB export prices to cover losses from the floating of the yen.

Among the new, costlier Japanese cameras are the Canon F-1, the Nikon F2 and the Asahi Pentax electronic cameras.

The higher prices enable the Japanese to offset increased labor costs, which account for 18.5 percent of each product's price tag. Labor's annually growing pay packages have increased costs by 16 to 18 percent in the last five years.

Major Firms

The four major makers of single-lens reflex cameras, currently the most popular type in the world, are Nippon Kogaku (Nikon), Canon, Yashica and Asahi Optical (Pentax). The first three share about 52 percent of total camera production in Japan, but Asahi Optical claims that in the single-lens reflex field it alone has 24 percent of the output.

Only three of those four firms have been able to keep their production lines devoted strictly to cameras and other optical devices. Nippon Kogaku, Yashica and Asahi Optical are still concentrating mostly on cameras and optics, but Canon, like many camera-makers, has begun full-scale marketing of electronic calculators. In fact, Canon, which changed its name from Canon Camera to Canon, Inc., had half its total sales in 1970 from office equipment.

The office-equipment field is dominated by Ricoh, originally a maker of photo-sensitive papers but the firm that introduced copying machines in 1965. It is now said to have 90 percent of the domestic market for office equipment, with electronic calculators accounting for 15 percent of its sales. Its cameras represented only 6.4 percent of its business in the first six months of the current fiscal year, down from the 7.9 percent level of the previous six months.

Minolta's financial reports indicate that cameras represent 86 percent of its sales, with the rest involving office equipment, Olympus Optical, which had net profits drop 65 percent in the last half of fiscal 1970, switched from its once-popular half-frame cameras to quality, higher-price cameras, and entered into production of medical instruments, facsimile equipment and tape recorders.

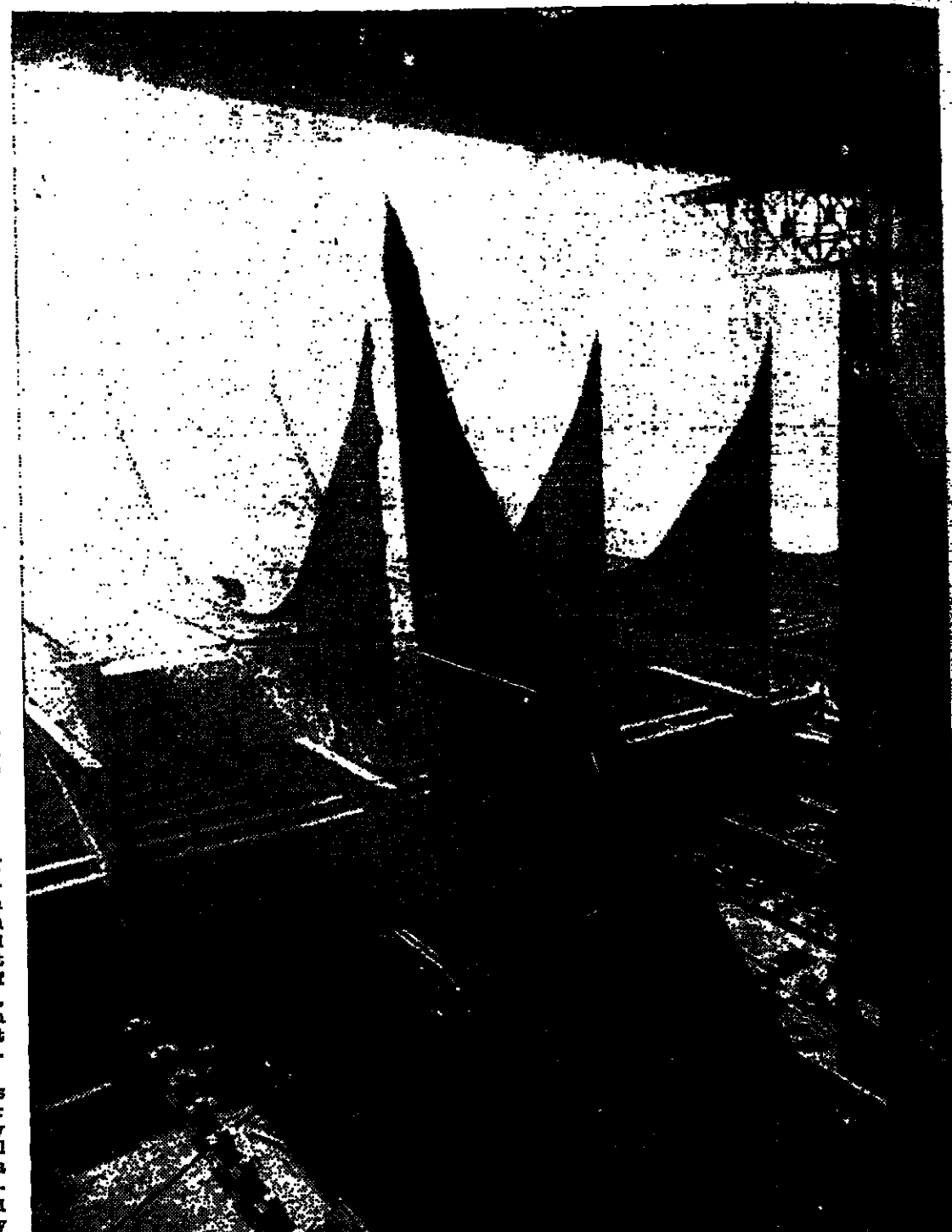
The office-equipment field is booming, with more and more firms entering it. In 1969, sales were 12.6 billion yen. Now they have topped 664.7 billion, with 55.4 percent of that involving small electronic calculators.

Competition

Canon, Ricoh and Sharp Electric are the biggest manufacturers of electronic calculators. There is strong competition to make smaller and cheaper models. In fact, when a little-known firm, Omron Tateishi, introduced a tiny model costing 49,800 yen last May, that was some 18,000 yen cheaper than the next lowest-price model, and a price war ensued. It resulted in an agreement by all makers to set price floors for similar export models.

The Japanese have employed their widely respected technological ingenuity to develop a market for what they call their calculators with a "new face."

In 1964, when everyone else was just introducing calculators with



In the yards of Mitsui Shipbuilding work begins on a 140,000 dwt tanker.

Shipbuilding Turns 'Sluggish'

URAGA TOWN, Kanagawa Prefecture (HTT)—"At the moment, shipping activities are sluggish, so we are waiting to see," said Shigetatsu Ueda, general manager of the Sumitomo Shipbuilding and Machinery shipyard here at Uruga Town, south of Tokyo.

"Owners are not as enthusiastic as before because of lower cargo rates," said Mr. Ueda. "Most of them seem to be waiting for specific cargo assignments before ordering new ships. But the demand for giant tankers still exists, but for the smaller ships, owners are not so keen."

Despite a sharp slump—in August only one new ship was ordered by a foreign owner from Japanese shipyards—most shipbuilders do not express pessimism about the future. Why should they? They have building contracts extending through 1974, and a few even have contracts for delivery in 1975. The greatest problem for shipbuilders is a loss on some 2,000,000 million yen involved in dollar contracts on deferred payments over 7-8 years, which were prevalent until 1970, when yen-based contracts were introduced.

Builders are asking the government to provide some kind of relief in the face of such losses, hopefully in the form of grants or tax reductions, or any measure which will help them.

Large Reserves

Despite the pleas, shipbuilders as well as every other export-oriented Japanese business have had built-in internal reserve commitments on income, all with the approval of the Tax Agency since 1968. Such phrases as "voluntary earned surplus reserve," "provision for price fluctuation" and "special allowances, tax-deferred for incentive overseas opera-

tions" began cropping up in annual financial reports. Thus, since that time, tremendous reserves have been created within the corporations as a hedge against the change in the value of the yen.

Shipowners, pointing to some 30 million tons of ships in operation around the world, complain about possible losses of over 2,500 million yen when the current monetary crisis is settled. But at the Sept. 30 end of the first half of the current fiscal year, most of them reported rising income, continued dividend payments at the same percentage as the previous six months and only a slight drop in recurring profits. Other problems facing both owners and builders include such things as an acute shortage of labor, overcharges of foreign-owned ships, losses of about 5,943 million yen because of the U.S. West Coast dock strike and losses from the long suffering tramp market.

Changing Times

During the 1969 boom in world shipping, Japanese owners began chartering every available ship to handle the nation's rising imports of natural resources. But when the recession set in during 1970, the owners had over 17 million deadweight tons on charter from foreign owners, in addition to the world's largest fleet. Japan Line, Daiichi Kisen and Showa Line all are "in an awkward position" of overcharterage, making attempts to sub-charter ships wherever they can.

Rising insurance rates on bottoms, up some 47 percent from 1968 on all types of ships, have eaten into owner profits. And what is predicted as a "Pacific container war," much like that in the North Atlantic, is staring everybody in the face.

The international monetary situation in 1972. Bank of Tokyo is equal to the challenge.

The Bank of Tokyo, with more than 100 offices, representatives, affiliates, associated banks, etc. throughout the world, can offer you thorough knowledge of foreign and domestic banking matters. Our long experience enables us to deal with any financial or banking problems, including international capital transactions.



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NISSAN MOTOR CO., LTD.

BERRY PACIFIC FUND

Extract from the Managers' Report for the period to 30th June, 1971

"In the quarter which has just ended the net asset value has advanced to \$12.75 per share from \$10.57 at the 31st March. Overall, from 31st December, 1970 the net asset value has advanced from \$9.13 to show a 39.65% gain against a 34.62% gain for the Tokyo New Stock Exchange Index over the same period."

Berry Pacific Fund Limited is an Investment Company incorporated in Bermuda. The Fund has invested the major part of its assets in Japan. The primary objective is capital growth. Copies of the full Report can be obtained from: G.T. Management Ltd., St. Martins House, 16 St. Martin's-le-Grand, London, E.C.1

HUTCHISON-G.T. LIMITED

INVESTMENT ADVISERS ON Japan Hong Kong

HUTCHISON-G.T. LTD Prince's Building (20th Floor), Hong Kong Tel.: HK 4579

السنة الأولى



The Auto Industry: Success After Success

TOKYO (REUTERS).—When U.S. Treasury Secretary John B. Connally came to Japan early in the world monetary crisis, the tall Texan made a plaintive pitch for compact American cars, lauding what is called here "the Pinto war."

The American-made Pinto sells for about \$2,500 in the United States but retails at more than \$4,000 here, Mr. Connally complained at a news conference.

The complaint about this example of alleged Japanese protectionism brought an outpouring of explanations by the government and from Japan's auto industry, whose compacts have registered sales gains of 216 percent on the American market in the past year.

The Japanese found fault with the Pinto, and by extension with similar U.S. compacts, because of

• Size—the Pinto has one-half cubic centimeter too much in its 2,000-cc engine and is two inches too wide, and its size, weight and engine capacity place it in the 30-percent commodity-tax category, they said.

By contrast, they noted, the Volkswagen, which sells very well in Japan, is in the 15-percent commodity-tax bracket.

• Shipping—the Americans, the Japanese noted, don't have auto bulk carriers, special ships to which the Japanese and the Germans move cars around the world, and this lack raises the Americans' shipping costs.

• Dealer distribution—the Japanese said that a very small number of exclusive dealers distribute American cars here and, to keep profits high, allegedly overcharge their customers.

• Refitting requirements—U.S. cars are not built to meet Japan's requirements and, after arrival here, must be refitted to Japanese standards, adding further to the imports' costs.

The Japanese gave a number of reasons for their autos' success in the United States.

Their most repeated argument is that they developed a special product for a special market, after effective market research. They produced cars for sale in foreign countries only, autos which are not seen on Japan's domestic market. They thus employed the same special-products approach

as their colleagues in the Japanese radio and television-set industry and other export manufacturers.

"We build cars in Japan to meet the American market," one Japanese authority said. "Before they are shipped from Japan, they can be driven on American roads without refitting."

These cars were developed at a time when American manufacturers were ignoring the compact market in the United States, the Japanese say. What's more, they add, they produced autos which would sell in America—cars with improved performance, that were comparatively low-priced, that could be shipped economically in bulk vessels and that found competition only from European vehicles imported by the Americans.

The Statistics

Sales statistics justify the Japanese manufacturers' pride. Toyota, the largest of 11 Japanese auto makers, sold 786,387 units abroad in 1971, a surge of 53.2 percent over 1970. More than 45 percent of its foreign sales were in the United States, Nissan, which makes Datsuns and is this nation's second largest auto maker, sold 631,205 units abroad in 1971, 59.7 percent above its 1970 total.

For trucks of all sizes, exports at the end of 1971 were expected to total 300,000 units, a 30-percent growth since 1968. One category, pickup trucks, showed a particularly remarkable surge—from 22,000 units in 1968 to 62,000 units in just the first nine months of 1971. And only two Japanese manufacturers, Toyota and Nissan, were exporting pickups.

Another special product of the Japanese auto industry is the small-capacity forklift. Powered with ordinary auto engines not requiring special assembly lines, they don't compete with the heavy-capacity forklifts produced in America. Because the small Japanese forklifts are selling well in 100 foreign countries, especially in the Common Market nations, U.S. manufacturers, whose large-capacity products served as models for the Japanese forklifts, are now turning their

attention to this field. Total foreign sales of the Japanese exports were expected to be about 69,000 units for 1971.

Similarly, the Japanese avoided competition with existing U.S. products in another auto industry field—motorcycles. Japan exported 1,141,229 two-wheel vehicles in the first six months of 1971, more than 70 percent of them to America. Few were as highly powered as the American firms' specialties, motorcycles of 750-cc or more.

Midwest Open

Japan's auto exports to Europe have grown, too, but not as spectacularly as their hold on the American market. In the first nine months of 1971, this country shipped 126,000 four-wheel vehicles to Europe; 152,000 units went Europeward in the comparable period of 1971.

One aspect of the Japanese auto industry's future in America is especially bright—the prospect of developing sales in the Midwest, which has remained largely untapped. The Japanese have concentrated their dealer networks on the more accessible East and West Coasts, where in 1971 they doubled the

number of outlets they had had the preceding year.

While sales prospects abroad remain favorable, the Japanese auto industry is worried about its domestic situation.

Sales of cars made in Japan have slumped. In the first 10 months of 1971, they were 2.3 percent below the comparable period of 1970.

Conversely, new-car registrations during that 1971 period—2,394,942 units—showed a 1.8 percent rise over the 1970 period, indicating that imports were denting the Japanese home market.

There was a small boom in new-car registrations in November, with the 317,764 units representing a 22.9 percent rise over November, 1970. But in the first seven days of December, only 14,905 new cars were registered, less than half the total for that week in 1970. The drop occurred when new-car sales usually pick up because of year-end bonuses.

The December fall-off from 1970 was blamed on the "weight-tax shock" reaction to a new national tax, based on a car's weight, which took effect Dec. 1. The lowest rate is 5,000 yen for a small compact; a Cadillac limousine will carry a tax of

30,000 yen, in addition to other extra charges.

The auto industry here produced 5,454,525 cars in fiscal 1970, which ended last March 31, for a 12.6 percent rise over the preceding year. For the current fiscal year, industry leaders predict 6,291,000 units—with 4,732,000 being marketed at home and 1,559,000 for export. The total output represents growth over fiscal 1970, but nothing like the 12-35 percent annual growth of the recent past.

The fall-off in the growth rate represents concern over the domestic economy. Business here has been gloomy since mid-1970 and was further hurt by the Nixon administration's dollar and trade crackdown of Aug. 15, 1971. As sales have suffered here, so has business investment.

Cutbacks

Toyota halved its plant investments for fiscal 1971 to 80 billion yen and plans a 1972 cutback to 70 billion yen. Nissan will not expand on its fiscal 1971 investments of 70 billion yen. Mitsubishi Motors will have 20.4 billion yen available, about the same as the previous year. Hiro Motors, principally a truck maker, will drop plant investments to 7



On the assembly line of Nissan Motors' Tochigi plant, north of Tokyo.

billion yen from a planned level of 9.5 billion. Such cutbacks began late in 1970 and early last year, predating the Nixon dollar-protecting program.

In addition to its domestic-sales problem, the Japanese auto industry is worried about the new Clean Air Act passed by the U.S. Congress. Manufacturers here doubt that they will be able to meet the stricter standards for auto exhaust that will be put into effect by the act in 1975, although Toyota is putting 10 billion yen into anti-pollution studies for 1972, and others are following suit. Additional problems for the auto industry arise from the situation in which Japan, like other auto-rich nations, finds itself—with an anti-car sentiment swelling because of rising high-

way deaths, traffic congestion, the need for more and more road improvements, the nuisance of parking tickets in the cities.

The opening, at mid-year in 1971, of the Japanese auto industry to foreign investment is not expected to have an immediate impact of great magnitude. General Motors is joining Isuzu Motors and Chrysler is tying up with Mitsubishi, but both those Japanese firms are comparatively small, and another minimizing factor is that the Americans are being allowed only a 35 percent share of the businesses.

Ford is having drawn-out talks with the little firm of Toyo Kogyo, and is reported not even close to final agreement. Toyo Kogyo makes the rotary-engine

car here, and turned out its 200,000th unit last year. Toyo Kogyo is planning to expand its production to 60,000 units monthly, instead of the present level of 45,000, and for that is going to spend 36 billion yen on plant expansion in fiscal 1972. It hopes to sell 20,000 cars monthly in America, where it plans to increase its dealerships from the current total of 150 to 250 in 1972. Last year, it sold 5,000 units a month in the United States.

Before the Clean Air Act takes effect in America, and despite gloom over domestic business, the Japanese auto industry is in hearty condition and spirits. Toyota, for example, became in 1971 the second "billion yen" firm, after Nippon Steel Corp., the world's largest steelmaker.

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N.Y. Bond Sales

Eurobonds

Sports

Miller Leads Golf by 1 With 210

By Lincoln A. Werden

PERRE BEACH, Calif., Jan. 16 (NYT)—John Miller, a member of the U.S. national team, moved ahead of Jack Nicklaus and Tony Jacklin yesterday and led the Bing Crosby tournament by one stroke. With a five-under-par 67 over the Pebble Beach course where he won the 1968 California Amateur title, the slim, 24-year-old professional from Napa, Calif., brought his 54-hole aggregate to 210.

Nicklaus and Jacklin of England, who were tied Friday for the lead, had duplicate rounds of 71 for 211.

Miller is a protégé of Billy Casper and when he won the Southern Open last season, he was his first tour event. He was asked if he was apprehensive at being ahead of the illustrious Nicklaus and Jacklin.

"I'm not shaking in my boots," said the former Brigham Young University star, who is a Mormon. "They've got to catch me now. Any way after the first

round I was trailing Nicklaus by nine shots."

Rod Fursath smashed Casper's record at Pebble Beach by one with a round of 64 in which he had eight birdies.

It gave the San Jose, Calif., golfer a 214, in the same bracket with Dan Sikes, who equaled a record of 66 at Spyglass Hill, and

Bruce Crampton. Ken Towns earlier produced a 66 at Cypress with 10 birdies but despite this score he failed to survive the cut-off with his 223 total.

Lee Trevino played Pebble as did the first five leaders. The holder of the United States, British and Canadian Open championships had a 70 for 213. This sent him into a tie for fourth place with Herb Hooper of Richmond, Va. Trevino carded a double bogey 5 on the 17th after failing to recover from a bunker on his first effort. Hooper finished with a 72.

Welsh, Scots Win in Rugby Of 5 Nations

LONDON, Jan. 16 (UPI)—Wales and Scotland scored easy victories yesterday to open the Five Nations Rugby Union championship.

At Twickenham, Barry John contributed 9 points in defending champion Wales's 12-3 victory over England before a crowd of 71,000, while Scotland upset France, 20-9, before a similar crowd at Murrayfield, Scotland.

Ireland begins its season against France at Paris on Jan. 29.

Wales won for the 34th time against the English, who have 32 victories. There have been 13 ties.

Scotland, beating the French at Murrayfield for the first time since 1964, won for the 23d time in the series. France has won 18 times and there were two ties.

English skipper Bob Miller scored a penalty after only 10 minutes, but John was on target with two of his own in the 30th and 38th minutes for a Welsh lead, 3-0, at the half.

A John Williams try after 58 minutes put Wales in control and when John added the goal posts it was all over.

Colin Telfer opened the scoring for Scotland with an 11th-minute try and 13 minutes later made it 7-0 with a dropped goal. Peter Brown completed the first-half scoring with a penalty.

Pierre Villeneuve replied for France with a 53d-minute penalty, but Jim Renwick crossed for a try in the 67th minute for Scotland.

A minute later, French skipper Benoit Duga scored a pushover try with Villeneuve adding the goal posts, but John Frame put the game out of reach when he crossed for a try in the 79th minute, which Arthur Brown converted.

But Philip Pilon, who was then president of the National Association of Professional Baseball Leagues, disapproved her contract and notified Mrs. Gera that she had failed to meet umpire physical requirements of height of about 5-foot-10, a maximum beginning age of 35 and an average weight of about 170 pounds.

Mrs. Gera stands 5-2 and weighs 129.

She then instituted an action with the state's Human Rights Division, charging that she was being discriminated against because of her sex in violation of state law.

The litigation began in 1969 when, after graduating from an umpire school in Florida, Mrs. Gera was scheduled to make her professional debut in Auburn, N.Y., which is in the New York-Pennsylvania Professional Baseball League.

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Court Rules For Woman Baseball Ump

ALBANY, N.Y., Jan. 16 (NYT)—A New York City housewife, Bernice Gera, won the approval of the state's highest court to be an umpire in professional baseball.

The court of appeals in a 5-2 decision, affirmed the judgments of the state's Human Rights Division and lower courts that Mrs. Gera, 40, had been denied a position as a minor league umpire because of her sex.

"I'd like to start going into training now and I hope I get a shot at the minor leagues this season," Mrs. Gera said in a telephone interview. "I just want to be part of baseball."

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(Continued from Page 15)

percent coupon priced at 100 1/2 last week, the first time a dollar bond was priced over par.

It is a curious market, to say the least, when a triple-A credit such as Shell pays the same interest as the Kingdoms of Denmark and Norway. The Denmark issue started the rate-of-furor, coming down in two steps from the 8 percent first announced. The discounted pricing of the latter two issues put the yield to investors just under 7.6 percent while the Shell premium put its yield down to 7.31 percent.

It will be interesting to see where KCI goes, Warburg regards it as a triple-A credit, an opinion not universally shared among bankers. In addition, the KCI swap is for 30 years (the City of Turin last May was the most recent 30-year borrower), compared to the 15 years more usual in this market.

The bonds will have an average life of 12.5 years, but investors can be sure they will not be redeemed for the first six years as the sinking fund starts in 1977. A somewhat unusual feature is that after Feb. 1, 1981—or for the last ten years—KCI can opt to redeem the rest of the issue at par. Generally, a company pays a premium (ranging from as much as 3 percent in the first year and declining to about 1/2 percent each subsequent year) to retire its debt early. Rarely does the redemption premium fall to zero, as in the last ten years of this issue, although the Shell loan was another exception with the last five years at no premium.

The purpose of the optional redemption is to give the borrower the choice of retiring the debt early if interest rates subsequently drop sharply.

Other new issues announced include:

• The Republic of Ireland, \$15 million, 15 years, with an expected coupon of 8 percent.

• The Republic of South Africa, \$25 million, 15 years, expected with an 8 percent coupon.

• Outokumpu, a Finnish mining company, \$30 million of 7-year notes with an anticipated coupon of 7 1/2 percent.

Still on offer is Union Oil's \$30 million of 15-year bonds expected at 7 1/2 percent and \$20 million of 5-year notes at 7 percent.

Moving on to the secondary market were the \$30 million British Distillers Callender's Cables issue, which was priced at 9 1/2 with a 7 3/4 percent coupon, and the Sandvikens Jernvarer \$5 million DM issue, priced at 89 3/4 with a 7 1/2 percent coupon.

International Bonds

(A weekly list of non-dollar denominated issues)

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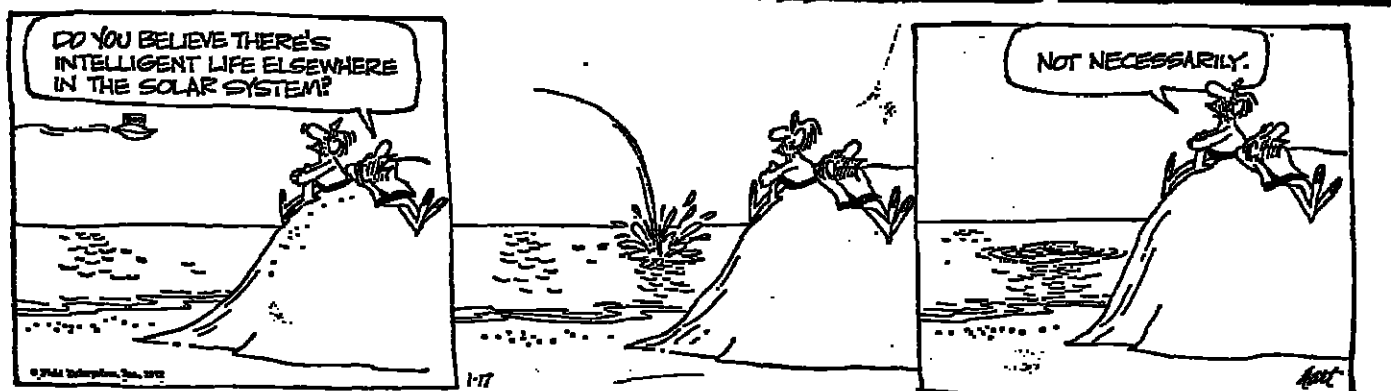
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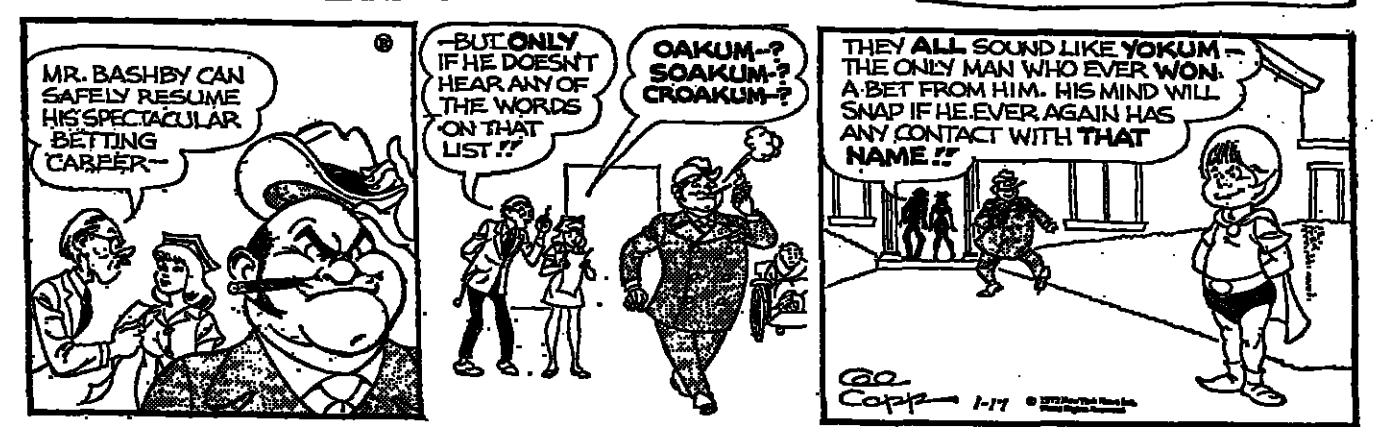
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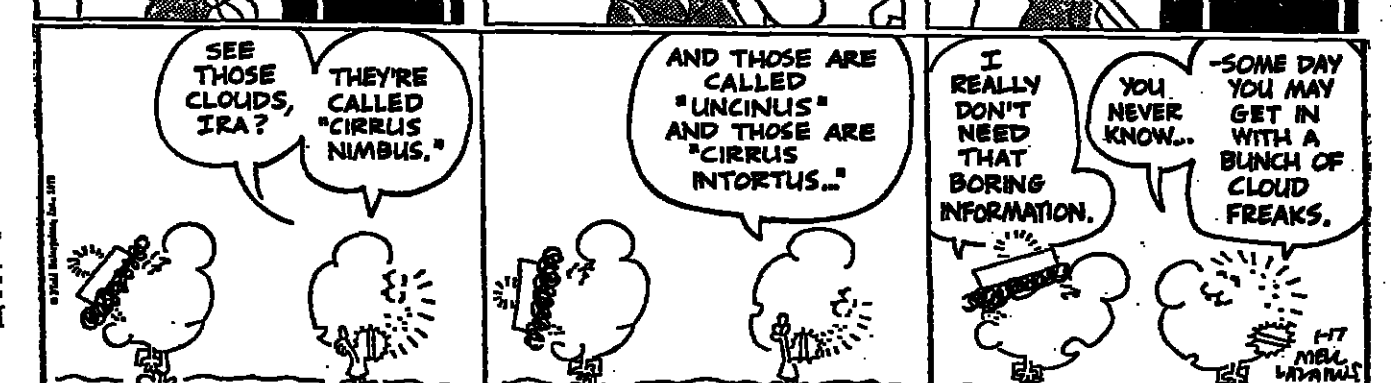
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BEETLE BAILEY



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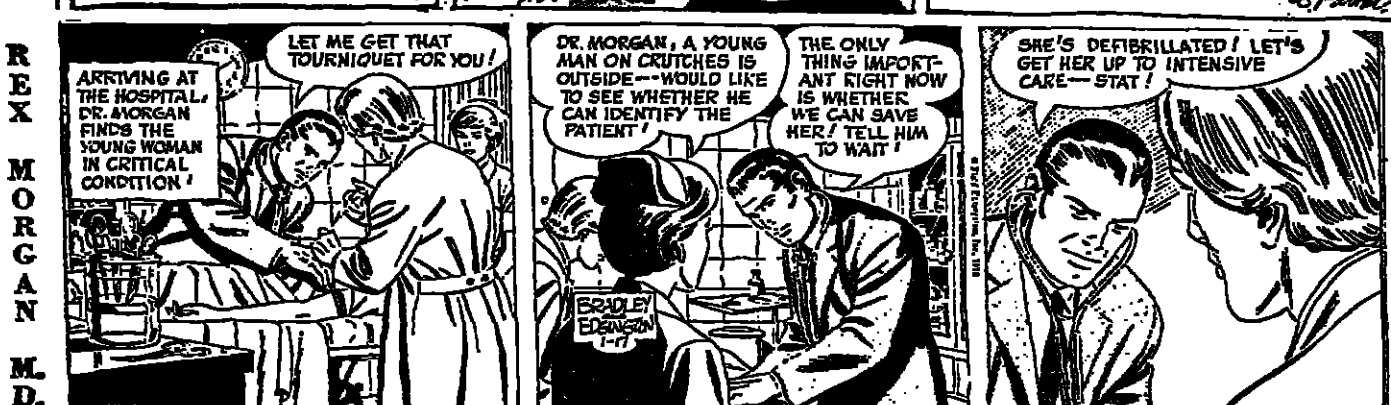
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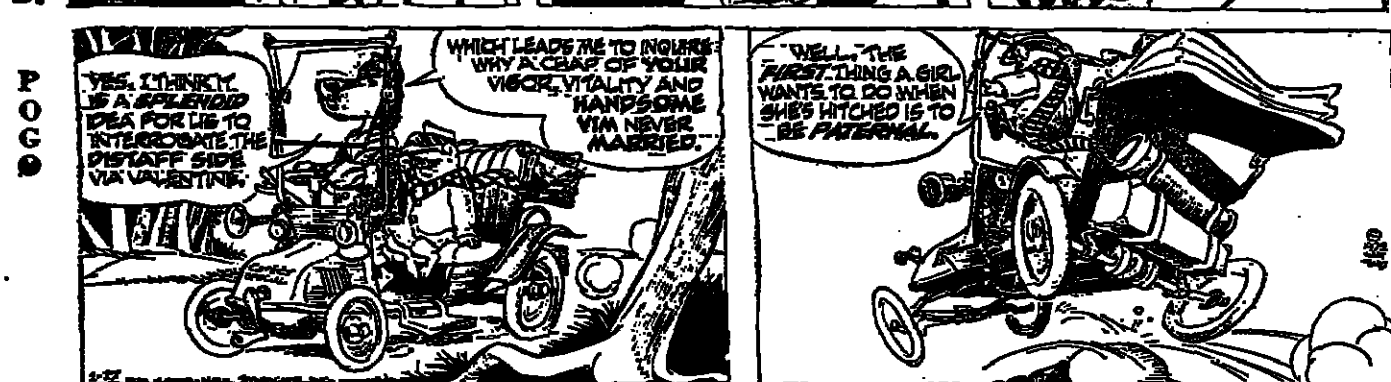
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RIP KIRBY



BLONDIE



BRIDGE

By Alan Truscott

Part-score situations add a dimension to rubber bridge bidding that is lacking in tournaments. Many bids have to be modified, and North perhaps overlooked that his side owned a 60-point part-score when he responded two clubs to his partner's opening of one spade. His response should have been a raise to two spades. As it was, North was in danger of playing in a four-two trump fit.

East's overall of two diamonds has much to lose and little to gain, but risks have to be taken when the opponents are converting a part-score to game. South's failure to show his hearts at any point caused him to land eventually in three spades doubled.

The defenders have four obvious tricks, two in diamonds and two in trumps. In addition, West's trump strength is a major hazard.

West naturally led his partner's diamond suit and the ace and king won the first two tricks. West shifted to a heart, and South won with the ace in dummy.

and led the spade nine. He ducked this around to the queen, discovering that the trump break was as bad as it could be.

West returned his remaining heart, and South won in dummy with the jack and ran the spade eight. West saw that he would be helpless if he won this trick, since the dummy still held a trump to deal with a diamond lead, and his trumps would be painlessly extracted.

West therefore ducked. South cashed three club winners to reach this position:

NORTH
♠ 3
♥ 52
♦ 10
♣ 10

WEST
♠ K76
♥ 7
♦ 7
♣ —

EAST
♠ 10
♥ Q10
♦ J
♣ —

SOUTH
♠ AJ10
♥ K
♦ —
♣ —

The club ten was led and ruffed with spade ten, and West discarded his diamond. The lead of the heart king then produced an endplay, forcing a lead from the trump king at the 12th trick.

Both sides were vulnerable, North-South 60. The bidding:

South West North East
1 ♠ Pass 2 ♣ Pass
2 ♣ Pass 3 ♣ Pass
3 ♣ Dbl. Pass Pass
Pass

West led the diamond four.

As he reminisced, Martin noted a certain peculiarity about his life: The property that his reveries had of crystallizing and mutating into reality, as previously they had mutated into sleep.

In other words, Martin is a peculiarly happy young man—happy despite adversity: among them, his parents' divorce; his father's subsequent death; his family's exile from Russia because of the revolution; his solitude; his unsatisfied yearning for Sonia, a fellow exile living with her family in London; his apparent aimlessness.

Martin has a rich capacity to treasure, and Nabokov conveys his pleasure in doing so by conjuring up (or recording) both the sense and the objects of that pleasure in a series of charming episodes with distinct and amusing characters.

Yet despite the almost conventional shape of the story—a *Bildungsroman* set in the early 1920s, in which our young hero travels with his mother from the Crimea to Greece, where he se-

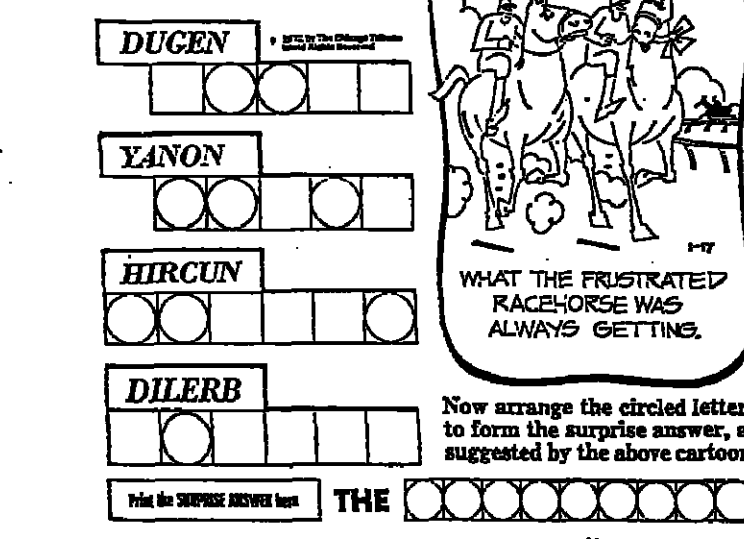
DENNIS THE MENACE



"MY DAD SAYS IT LOOKS LIKE A GOOD YEAR... ESPECIALLY MISS JULY."

JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.



Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

THE

BOOKS

CLORY

By Vladimir Nabokov. McGraw-Hill. 205 pp. \$6.95.

Reviewed by Christopher Lehmann-Haupt

NO cause for hysteria, jubilant or despairing: "Clory" (originally published in Russian in 1933 under the title "Podvig," which translated literally means "the exploit") is neither a Nabokovian masterpiece nor an early mistake dressed up to suit the current vogue. It is simply a revealing apprentice novel, superbly translated by the author and his son.

Its qualities are announced near the beginning, in a paragraph discussing the hero's Swiss grandfather. "For many years after [his death], Grandfather Edelweis was preserved in a massive leather album; in his day photographs were made tastefully, with elaborate deliberation. The operation was no joking matter; the patient had to be immobilized for a long time, and permission to smile had yet to come—with advent of the snapshot. The complexity of the photograph accounted for the weightiness and solidity of Grandfather's many poses in those somewhat pale but very good-quality pictures: Grandfather as a youth with a freshly killed woodcock at his feet; Grandfather astride the mare Daisy; Grandfather on a striped veranda seat, with a black dachshund that had refused to sit still, and had come out with three tails in the photograph."

The ending has apparently puzzled some of the book's commentators, or so it would seem from Nabokov's scornful warning in his foreword that "Martin's plunge into his fatherland" is not to be read as a Freudian reaction to "his having been deprived of his father" (although one must be alert here for traps, since Nabokov also warns us that "no less reckless would it be to point out . . . that the girl Martin loves and his mother bear the same name," when in fact the girl's name is Sonia and the mother's name is Sofia—can we reviewers really be so stupid?).

The ending may be many things; among them no doubt an early hint of the "other world" that dominates some of Nabokov's later works. But one conclusion is irresistible. Although Nabokov boasts in his foreword that he has withheld from Martin the luxury of having artistic talent, Martin's plunge into Russia is really his first work of art, an event staged with an audience in mind.

For while the plunge may have no practical purpose, it does have the prestige effect of his friend's (particularly Sonia's) for which he might have hoped. The incident, as Nabokov has handled it, is similar to imagining one's own suicide and then living to see the results—a youthful fantasy, but a satisfying one.

It is significant that following Martin's disappearance the novel's point of view shifts away from Martin's for the first time, as if Nabokov, having identified with Martin up until this point, could not resist savoring the consequences of his hero's suicide act. If such a reading is accurate, then the novel's major flaw lies in the author's failure to dissociate himself sufficiently from his hero.

Consequently, Nabokov's pleas for us not to consult "Speak, Memory" in quest of duplicate items and kindred scenery is something of a cover-up. And he is wrong when he avers that the fun of "Clory" is elsewhere. The real fun of "Clory" is in seeing the artist struggling to take flight from his own experience, however inadequately he may have succeeded in doing so. The fun of "Clory" is in seeing Nabokov as a young artist creating himself before he disappeared into his art.

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CROSSWORD

By Will Weng

Crossword puzzle grid with clues:

ACROSS

1 Certain Roger
6 Partner of woot
10 Slick
14 Pleasant way to walk
15 Cap
16 Mrs. Chapin
17 Mountain
18 Irritable remark
20 Young ones
21 French pronoun
22 Conical dwelling
23 Cattle, poetically
25 Refugees
27 Unfortunate trio
30 Cheap cigar
34 Fish
35 Doubleday and others
37 Old car
38 Sal was one
39 Range of vision
40 Japanese statesman
42 Conjunction
43 Hall
44 Cowboys
46 Attach
47 Temerity

DOWN

5 Cologne
9 Ingredient
11 Plane maneuvers
12 Concerning
13 Invited
19 Tennis units
21 Lamb
24 Stater Abbt.
26 Stranger
27 Initiated
28 Bequest
29 Chance for activity
31 Given to fancy prose
32 Demons
33 Alpine sound
36 Sharps
41 European capital
45 Sumbather's hue
48 Certain fair
49 Hence
51 Medicine-chest
52 starchy
53 Fabulist
55 Isolated rock
56 S.A. language
57 Type of exam
59 River in Northumberland
61 Release
62 Ancient god
64 Goshwin
65 Companion of tuck

